

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

Caption in Compliance with D.N.J. LBR 9004-1(b)



Order Filed on February 24, 2022
by Clerk
U.S. Bankruptcy Court
District of New Jersey

In Re:

LTL MANAGEMENT LLC

Case No.: 21-30589

Chapter: 11

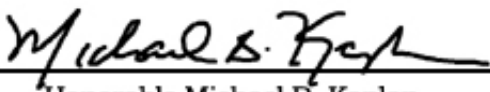
Hearing Date:

Judge: Michael B. Kaplan

**JOINT STIPULATION AND AGREED ORDER BETWEEN MOVANTS AND
DEBTOR REGARDING THE ADMISSION OF DEPOSITION
DESIGNATIONS AT MOTION TO DISMISS TRIAL**

The relief set forth on the following pages is **ORDERED**.

DATED: February 24, 2022


Honorable Michael B. Kaplan
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY	
<p>Caption in Compliance with D.N.J. LBR 9004-1(b)</p> <p>COOLEY LLP Cullen D. Speckhart (admitted pro hac vice) Michael Klein (admitted pro hac vice) Erica J. Richards (pro hac vice to be filed) Lauren A. Reichardt (pro hac vice to be filed) Evan Lazerowitz 55 Hudson Yards New York, NY 10001 Tel: (212) 479-6000 Fax: (212) 479-6275 Email: cspeckhart@cooley.com mklein@cooley.com erichards@cooley.com lreichardt@cooley.com elazerowitz@cooley.com</p> <p><i>Proposed Co-Counsel to the Official Committee of Talc Claimants II</i></p>	<p>BAILEY GLASSER LLP Brian A. Glasser, Esq. (admitted pro hac vice) Thomas B. Bennett, Esq. (admitted pro hac vice) Kevin W. Barrett, Esq. (admitted pro hac vice) Maggie B. Burrus, Esq. (admitted pro hac vice) 105 Thomas Jefferson St. NW, Suite 540 Washington, DC 20007 Tel: (202) 463-2101 Fax: (202) 463-2103 Email: bglasser@baileyglasser.com tbennett@baileyglasser.com</p> <p><i>Proposed Co-Counsel to the Official Committee of Talc Claimants II</i></p>
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In re:

LTl MANAGEMENT LLC,

Debtor.

Chapter 11

Case No.: 21-30589 (MBK)

Honorable Michael B. Kaplan

**JOINT STIPULATION AND AGREED ORDER BETWEEN MOVANTS AND
DEBTOR REGARDING THE ADMISSION OF DEPOSITION DESIGNATIONS
AT MOTION TO DISMISS TRIAL**

The relief set forth on the following pages is hereby **ORDERED**.

This stipulation and agreed order (this “Stipulation”) is made on this 18th day of February, 2022 (the “Stipulation Date”) by the Official Committee of Talc Claimants I (the “TCC I”), the Official Committee of Talc Claimants II (the “TCC II”), Aylstock, Witkin, Kreis & Overholtz, PLLC (“AWKO”), and Arnold & Itkin LLP on behalf of certain personal injury tort plaintiffs (collectively, “Movants”), and LTL Management LLC, the debtor and debtor-in-possession (“Debtor”), regarding the evidentiary record for the Motion of the Official Committee of Talc Claimants to Dismiss Debtor’s Chapter 11 Case [Docket No. 632] and Motion to Dismiss Bankruptcy Case filed by Arnold & Itkin LLP on behalf of certain personal injury tort plaintiffs [Docket No. 766] (the “Motions to Dismiss”).

Recitals

WHEREAS, the Preliminary Hearing on the Motions to Dismiss commenced on February 14, 2022 (the “MTD Trial”);

WHEREAS, the Movants have designated certain portions of the following depositions that they wish the Court to consider (“Movants’ Designations”), and the Debtor has counter-designated other portions of these depositions that it wishes the Court to consider (“Debtor’s Counters”):

- Michelle Goodridge (Dec. 20, 2021);
- Robert Wuesthoff (Dec. 22, 2021);
- Thibaut Mongon (Jan. 19, 2022);
- Jose Azevedo (Jan. 24, 2022);
- Richard Dickinson (Jan. 26, 2022);
- Michelle Ryan (Jan. 27, 2022);
- John Kim (Jan. 31, 2022);

- John Kim (30(b)(6)) (Feb. 1, 2022);
- Adam Lisman (Feb. 8, 2022);
- Arthur Wong (Feb. 11, 2022); and
- David Kaplan (Feb. 11, 2022).

WHEREAS, the Debtor has designated certain portions of the following depositions that it wishes the Court to consider (“Debtor’s Designations”), and the Movants have designated other portions of these depositions that they wish the Court to consider (“Movants’ Counters”):

- Michelle Ryan (Jan. 27, 2022);
- Arthur Wong (Feb. 11, 2022); and
- David Kaplan (Feb. 11, 2022).

WHEREAS, a listing of (a) Movants’ Designations, (b) Debtor’s Counters, (c) Debtor’s Designations, and (d) Movants’ Counters (collectively, the “Stipulated Designations”) to which the parties either have no objections or have waived objections, together with agreed-upon confidentiality treatment in accordance with the Agreed Protective Order Governing Confidential Information [Docket No. 948] (the “Protective Order”), is attached hereto as Exhibit A;

WHEREAS, the Parties wish the Court to accept the Designations into evidence, and consider the Designations in connection with deciding the MTD Trial;

WHEREAS, those Stipulated Designations that are, pursuant to the Protective Order, available for public view are annexed hereto as Exhibit B.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, AND UPON APPROVAL BY THE BANKRUPTCY COURT OF THIS STIPULATION, IT IS SO ORDERED AS FOLLOWS:

1. The Stipulated Designations in Exhibit B hereto are admitted into evidence and are made part of the public record herewith

2. The remaining Stipulated Designations (*i.e.*, those listed in Exhibit A hereto that are subject to confidential treatment in accordance with the Protective Order) are also admitted into evidence and shall be filed in accordance with the Protective Order or otherwise in the form and manner agreed between and among the parties and the Court.

3. This Stipulation shall constitute the entire agreement and understanding between Movants and Debtor relating to the subject matter hereof and supersedes all prior agreements and understandings between Movants and Debtor relating to the subject matter hereof.

4. The Court shall retain jurisdiction to resolve any disputes, controversies, or ambiguities arising from this Stipulation.

{Signature page follows}

AGREED AS TO FORM AND SUBSTANCE:

**SHERMAN, SILVERSTEIN,
KOHL, ROSE & PODOLSKY, P.A.**
*Proposed Local Counsel to the
Official Committee of Talc Claimants II*

GENOVA BURNS, LLC
*Proposed Local Counsel to the
Official Committee of Talc Claimants I*

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Dated: February 18, 2022

Dated: February 18, 2022

WOLLMUTH MAHER & DEUTSCH LLP
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Dated: February 18, 2022

Dated: February 18, 2022

PACHULSKI STANG ZIEHL & JONES LLP
Counsel to Arnold & Itkin LLP

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Dated: February 18, 2022

EXHIBIT A: DEPOSITION DESIGNATIONS

JOSE AZEVEDO – JANUARY 24, 2022

Movants' Designation (Azevedo)	Debtor's Counter Designation
11:20-25	
14:19-22	
17:4-17:11	
18:12-20	
22:17-23:22	
33:14-34:6	
35:11-37:16	
39:3-20	
42:20-45:12	
52:12-53:20	
55:4-57:12	
58:5-61:6	57:18 – 22
62:23-63:20	
65:21-68:8	
68:17-70:16	
72:2-8	
73:5-74:2	
74:13-23	
79:4-80:22	
85:18-86:6	
87:5-89:8	
90:11-98:6	
98:17-24	
99:11-101:18	
102:17-23	
103:4-108:16	
110:13-115:16	
116:4-118-21	
119:16-21	119:23-120:3
120:4-121-13	
147:2-8	
148:13-149:22	
152:12-22	
156:24-157:9	
168:20-169:23	
175:12-183:4	166:20 – 168:19, 183: 5 – 16

RICHARD DICKINSON – JANUARY 26, 2022

Movants’ Designation (Dickinson)	Debtor’s Counter Designation
18:23-19:6	
19:11-20:20	
24:3-20	
25:20-26:17	
27:19-28:7	28:8-29:8; 29:21-24; 30:9-17
32:14-33:20	
34:7-34:13	
34:20-35:13	
35:15-35:18	
40:12-41:12	
42:5-42:13	
44:22-45:13	
48:9-48:20	
49:24-50:11	
61:10-61:17	
70:3-70:11	
72:14-74:8	
75:10-77:15	
78:9-79:13	
80:13-20	
81:5-7	
83:12-84:17	
86:12-22	
88:12-88:18	
89:19-91:9	
91:21-93:21	
92:23-93:21	
94:14-95:21	
101:13-15	101:16-17
101:19-102:11	
103:17-104:15	
107:20-108:7	
117:20-118:8	113:17-21; 116:23-18
146:7-11	
147:5-147:11	
150:11-151:21 [sic]	149:18-150:7; 151:22-25
155:22-158:19	
158:25-159:22	
172:19-174:6	
176:17-19	
176:22-178:5	

Movants' Designation (Dickinson)	Debtor's Counter Designation
182:20-183:16	181:22-183:1;182:15-19; 183:17-19
189:16-190:8	
196:25-197:4	
197:8-17	
198:12-199:10	
199:18-24	
200:3-25	
201:17-202:3	
202:17-203:4	
203:6-17	203:18-22; 204:12-15
204:17-205:3	
207:8-17	
209:7-210:18	
211:24-212:17	
214:3-215:18	
218:20-219:15	
219:23-220:20	
230:6-230:19	
232:12-233:7	
236:14-238:6	
244:7-245:25	
248:25-249:16	
252:16-252:25	
256:11-256:17	
262:21-263:10	
292:25-293:18	
312:22-313:14	
318:17-319:9	
332:19-21	
333:7-335:5	
336:14-336:22	336:12-13
338:17-339:7	
339:16-23	
340:7-21	
346:12-24	
347:19-20	
348:3-24	
350:20-351:6	
351:18-352:4	
352:11-354:9	
355:7-356:8	
356:20-357:19	

Movants' Designation (Dickinson)	Debtor's Counter Designation
357:23-358:15	
360:20-361:6	
364:7-365:5	
401:5-10	

MICHELLE RYAN – JANUARY 27, 2022

Movants’ Designation (Ryan)	Debtor’s Counter Designation	Debtor’s Designation	Movants’ Counter Designation
8:19-8:21		8:19 – 21	
9:8 – 10:17		9:8 – 10:17	
11:09-11:16		15:14 – 18	
15:14-18		17:21 – 18:19	16:21 – 24
16:21-24		140:3 – 141:20	141:21 – 144:16
17:1-9		143:19 – 22	143:24 – 144:16
17:19-18:25		145:5 – 7	145:13 –23; 148:21 – 149:10
19:11-21:01		145:13 – 23	145:5 – 7; 148:21 – 149:10
22:4-23:8		149:16 – 150:6	
23:13:-24:5		201:19 – 207:7 (including Ex. 107)	207:11 – 20
24:7-17		207:11 – 20	201:19 – 207:7
25:14-26:3		214:24 – 215:1	216:5 – 8; 218:6 – 15
27:1-5		215:10 – 25	214:24 – 215:1; 216:5 – 8; 218:6 – 15
27:24-28:2		218:17 – 20	219:7 – 15; 221:10 – 222:14; 222:16 – 25; 223:1 – 13
29:18-21		219:7 – 15	221:10 – 222:14; 222:16 – 25; 223:1 – 13
29:23-30:1		221:10 – 222:10	221:10 – 222:14; 222:16 – 25; 223:1 – 13
31:8-32:1		222:14	221:10 – 222:14; 222:16 – 25; 223:1 – 13
32:3-32:5		223:14 – 224:1	
32:7-25		230:11 – 231:6	231:17 – 232:2
33:2-8		234:15 – 235:7	
33:11-33:12			
33:17-24			
34:13-35:7			
35:22 – 36:18			
36:23 – 38:8			
39:6-13			
40:10 – 42:24	42:25		
43:1-43:2			

Movants' Designation (Ryan)	Debtor's Counter Designation	Debtor's Designation	Movants' Counter Designation
43:8 -45:1			
45:5 – 47:3			
48: 8-49: 7			
49:18 – 50:13			
51:13-52:5	51:5-51:11		
52:12 – 53:5			
53:17-19			
54:22- 56:8			
56:12-57:13			
58:14-58:22			
59:10-60:6			
60:13-60:15	60:10-16		
60:17-60:19			
60:21-60:24			
61:4-15			
61:17-62:25			
63:11-63:15			
64:4-65:9			
65:24-66:7	66:8-9		
66:10-67:7			
67:9-22			
67:24-68:15	68:16-17		
68:18-69:8			
69:10-69:17	69:18-21		
69:22-69:23			
69:25-70:02			
70:10-70:22	70:23-24		
70:25	70:23-24		
75:22-75:25	75:17-18		
76:06-76:20	76:1-5		
80:20-22			
80:24-25			
81:8-87:8			
89:4 – 91:16			
93:14 – 94:12			
95:21 – 97:14			
99:8 – 101:22			
104:6-104:11			
104:11-104:21	104:22-105:1		
105:7 -106:8			
106:17 -20			
108:8-18			
111:13-111:25			

Movants' Designation (Ryan)	Debtor's Counter Designation	Debtor's Designation	Movants' Counter Designation
117:1-118:3			
118:8-10			
121:1-23			
131:13-132:17			
134:8-134:21			
135:8-136:1	136:2-3		
136:4-9	136:11-12		
136:13-15			
136:17-136:23	136:24-25		
137:3-11			
138:14-138:24			
140:3-141:20			
143:19-144:16			
145:5-23			
148:20 -149:14	149:16-150:6		
150:12-151:2			
151:22-152:5	152:6-7		
152:8-152:11			
152:13-152:22	152:23		
152:24-152:25			
154:15-24			
156:14-156:22			
157:1-157:18	157:19-23		
158:2-158:3	158:4-7		
158:8-158:10			
158:12-158:20			
161:8 – 161:14			
172:21 – 173:7			
174:19-23			
175:7 – 176:22			
176:25-178:1			
179:23-180:23			
190:2-191:10			
196:20- 197:24			
	201:19-207:7; 207:11-20		
204:4-207:20			
208:2-12			
209:2-18			
212:17-212:25			
216:5-8	214:24-215:1; 215:10-25		
216:9-217:10			

Movants' Designation (Ryan)	Debtor's Counter Designation	Debtor's Designation	Movants' Counter Designation
217:13-21			
218:6-218:15	218:17-20; 221:10- 222:10		
224:2-7	223:14-224:1		
229:2-19	228:24-229:1		
231:17-232:2	230:11-231:6		
243:19-244:8			
247:8 – 248:24			
252:9 -253:6			
274:9-22			
275: 4-15			
296:6 – 297:21			
298:12-25			
299: 7-19			
302: 20-303:2			
303:4-15	303:17-303:22		
303:23 – 307:5			

ARTHUR WONG – FEBRUARY 11, 2022

Movants' Designation (Wong)	Debtor's Counter Designation	Debtor's Designation	Movants' Counter Designation
11:5 - 11:10	11:11-14	18:7-19	
11:24 - 12:5		19:5-7	
14:8 - 15:18	13:19-14:7	19:13-19	
18:7 - 18:19		19:25-20:11	
19:5 - 22:7	22:8-9	47:8-48:25	
23:20 - 24:3		50:24-51:18	
24:19 - 26:25	24:4-18	51:21-52:8	
27:25 - 28:9		56:10-22	55:16-56:9; 56:23-57:4
30:2 - 30:13		57:17-21	
31:21 - 34:6		58:8-18 (just A. I do.)	
34:22 - 35:23		58:20-59:2	
36:1 - 36:6		59:22-25	
39:1 - 40:25		60:12-62:2	
71:14 - 72:24	72:25-73:25	64:15-66-14	63:15-64:14; 67:3-7; 76:20-77:4

DAVID KAPLAN – FEBRUARY 11, 2022

Movants’ Designation (Kaplan)	Debtor’s Counter Designation	Debtor’s Designation	Movants’ Counter Designation
13:18 - 13:21		160:3-161:12	161:13-163:12
13:23 - 14:4		165:6-166:7 (just A. Not – not specifically)	166:7-167:3
14:7 - 14:13		171:7-172:13	172:14-15
17:2 - 19:8		174:25-176:5	
20:20 - 20:24		177:18-180:19	180:20-21
20:25 - 21:25		180:22-181:6	
22:8 - 23:4	23:5 – 23:19	191:12-192:24	191:6-10
23:20 - 25:20		193:10-193:13	
26:10 - 26:19	26:20 – 27:14	197:23-198:14	198:15-16
27:15 - 28:24		198:17-199:4	199:5-23
30:1 - 30:22	30:23 – 34:15	199:24-200:4	
34:16 - 37:20		203:6-16	
38:24 - 40:25		205:24-206:6	
42:22 - 43:18		208:19-209:23	
44:3 - 44:10	44:11	211:16-213:5	
44:12 - 44:24		214:1-214:9	
45:5 - 45:7		214:24-216:25	
45:13 - 48:3		219:24-220:7	
48:4 - 49:11		248:8-249:23	
51:4 - 51:16			
53:10 - 53:22			
56:24 - 59:24			
59:25 - 60:12	60:13 – 60:25		
61:1 - 62:19			
70:12 - 71:6			
78:23 - 80:21			
82:2 - 82:20	82:21 – 83:5		
83:25 - 84:8			
84:10 - 87:8			
88:18 - 89:1	89:2		
91:11 - 91:16	91:17 – 94:16		
94:17 - 96:5	96:6 – 96:9		
96:10 - 97:2			
98:8 - 98:23			
102:21 - 103:16	105:9 – 106:9		
106:10 - 106:13			
108:17 - 110:24	110:25 – 111:15		
111:16 - 111:19	111:20 – 112:10		
112:12 - 112:19			

Movants' Designation (Kaplan)	Debtor's Counter Designation	Debtor's Designation	Movants' Counter Designation
119:4 - 119:15			
120:16 - 121:8			
121:24 - 122:21	122:22 – 123:2; 124:24 – 125:9; 130:4 – 132:9; 137:13 – 138:25; 144:16 – 146:21; 149:10 – 149:24; 150:7 – 150:18; 150:20 – 151:13; 160:3 – 160:20; 160:21 – 161:12; 162:3 – 163:12; 164:16 – 165:1		
165:20 - 166:16	167:4 – 167:13; 168:3 – 168:6		
169:14 - 170:16	172:1 – 172:13; 174:25 – 176:10; 178:13 – 179:23; 194:3 – 194:13; 197:10 – 198:14; 199:5 – 200:4; 200:5-206:06; 208:19 – 211:15; 211:16 – 211:25; 212:1 – 212:23; 213:9 – 213:25		
214:1 - 214:16	214:17 – 214:23; 216:12 – 217:2; 217:3 – 217:9; 219:24 – 220:7; 224:21 – 225:1; 225:2 – 226:20		
228:2 - 233:25			
234:14 - 234:25			
235:21 - 236:8			
243:14 - 244:20			
246:6 - 247:24	248:8 – 249:23		
251:15 - 252:25	253:1 – 253:8		

ADAM LISMAN – FEBRUARY 8, 2022

Movants' Designation (Lisman)	Debtor's Counter Designation
10:10 - 10:17	9:13-25; 10:8-9
13:2 - 14:22	
15:9 - 17:8	
19:2 - 19:9	19:10-16
21:12 - 21:20	20:25-21:19
23:5 - 25:20	22:21-23:5
37:16 - 38:2	
38:19 - 39:17	38:3-9
40:1 - 41:8	
42:13 - 43:7	
44:5 - 44:12	
51:8 - 52:13	50:17-51=:7
52:25 - 53:11	
68:16 - 69:17	
69:19 - 70:14	
71:18 - 71:25	
89:24 - 90:11	
92:20 - 93:7	
100:8 - 100:13	99:2-100:7
102:8 - 102:22	
110:10 - 110:21	109:15-110:9
113:22 - 114:19	
120:11 - 121:17	
123:3 - 124:16	122:24-123:3
131:20 - 132:5	
133:3 - 133:21	
134:4 - 135:6	
140:23 - 141:18	
141:23 - 143:10	
143:14 - 146:2	141:11-14
146:25 - 147:17	147:8-149:2
149:17 - 150:10	
151:19 - 152:7	
152:15 - 154:1	
155:4 - 155:21	
164:19 - 165:14	
172:12 - 172:19	
186:19 - 187:8	
187:21 - 190:17	187:9-20
192:7 - 193:21	191:23-192:6

Movants' Designation (Lisman)	Debtor's Counter Designation
197:7 - 197:17	
204:17 - 205:10	
213:13 - 216:20	213:2-12
229:12 - 229:25	228:23-229:11
243:13 - 243:22	243:4-12
249:25 - 250:7	

ROBERT WUESTHOFF – DECEMBER 22, 2021

Movants' Designation (Wuesthoff)	Debtor's Counter Designation
17:25 - 18:17	17:8-24
18:25 - 19:15	
20:13 - 20:15	
21:2 - 21:18	21:19-23
22:3 - 22:10	22:11-12
26:17 - 26:21	26:22-27:1
27:2 - 27:9	
28:2 - 28:25	
29:25 - 30:4	30:5-8
30:9 - 30:11	
34:11 - 34:16	34:17-35:1
35:22 - 36:6	
39:24 - 40:11	40:12-16
42:11 - 42:20	41:20-42:10
50:13 - 50:19	
53:19 - 53:23	
57:6 - 57:8	57:9-15
57:16 - 57:22	57:23-58:7
58:8 - 59:18	
61:18 - 63:1	
63:4 - 63:12	63:13-14
63:15 - 64:5	
65:22 - 66:1	
66:8 - 66:12	
67:8 - 67:18	
68:8 - 68:15	
69:24 - 70:17	7:18-21
70:22 - 73:4	
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78:3 - 78:19	
82:3 - 82:15	
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127:16 - 127:21	
127:24 - 128:8	
128:11 - 128:23	128:24-25
129:1 - 129:2	
129:4 - 130:6	
130:13 - 130:14	130:7-12
130:16 - 130:17	130:18
130:19 - 130:25	

Movants' Designation (Wuesthoff)	Debtor's Counter Designation
131:2 - 131:20	131:21
131:22 - 131:25	
132:2 - 132:4	132:5-6
132:7 - 132:9	
132:11 - 132:17	
142:17 - 143:13	
144:25 - 145:3	
146:9 - 146:22	146:23-24
146:25 - 147:2	
150:1 - 150:15	
150:22 - 152:3	152:4-5
152:9 - 152:9	152:10-153:1
153:2 - 153:8	153:9-10
153:11 - 153:15	
154:16 - 154:18	154:19-20
154:21 - 154:24	
155:3 - 156:17	
160:3 - 160:17	
161:4 - 161:23	
162:3 - 162:15	
163:1 - 163:15	
167:16 - 168:5	
168:8 - 168:15	168:16-18
168:21 - 168:25	
169:2 - 169:10	169:1
169:12 - 169:15	169:16-17
169:18 - 169:20	
169:23 - 170:1	
171:13 - 171:14	171:15
171:16 - 171:17	
171:19 - 172:10	
172:21 - 173:15	
173:22 - 173:25	
178:17 - 178:23	178:24-25
179:1 - 179:13	
180:9 - 180:12	180:13
180:14 - 180:15	
180:17 - 180:20	180:21-22
180:25 - 181:2	
181:4 - 181:14	181:15-16
181:17 - 181:17	
189:1 - 189:20	
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Movants' Designation (Wuesthoff)	Debtor's Counter Designation
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222:2 - 222:7	221:21-222:1, 222:8-13
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222:17 - 222:21	
222:23 - 223:2	
223:9 - 223:24	
224:25 - 225:16	224:14-24; 225:17
225:20 - 225:22	
237:8 - 238:13	
249:19 - 249:22	
250:10 - 250:14	
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284:9 - 284:21	
285:19 - 286:1	286:2-3
286:4 - 286:4	
333:14 - 334:16	

JOHN KIM – JANUARY 31, 2022

Movants’ Designation (Kim)	Debtor’s Counter Designation
21:2 - 22:5	
25:24 - 26:3	25:4 – 25:23
29:25 - 30:17	28:14 – 29:4
31:8 - 31:16	
32:5 - 33:20	
34:6 - 34:14	
46:8 - 46:21	
49:2 - 49:24	
50:3 - 50:13	
51:15 - 52:13	
55:4 - 55:20	
62:3 - 62:23	
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73:3 - 74:7	
105:13 - 107:10	
107:16 - 109:9	
114:5 - 114:17	
117:12 - 118:9	
119:9 - 119:21	Designated Confidential
124:18 - 124:24	124:25
125:1 - 125:3	
135:4 - 135:9	140:19 – 141:3
141:17 - 142:9	
149:8 - 150:8	
152:1 - 152:14	
153:18 - 154:15	
166:21 - 167:2	167:3 – 167:13
181:18 - 182:7	
183:22 - 184:4	
184:18 - 184:22	
193:11 - 194:8	
197:25 - 199:8	
202:1 - 202:14	
204:10 - 204:21	
206:8 - 206:14	
213:20 - 214:15	
215:16 - 216:17	
217:23 - 218:12	
223:9 - 224:9	
226:1-227:16	

JOHN KIM 30(B)(6) – FEBRUARY 1, 2022

Movants' Designation (Kim – 30(b)(6))	Debtor's Counter Designation
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15:16 - 16:16	
21:7 - 23:1	
23:20 - 28:21	
30:9 - 30:18	32:20 – 33:9
33:10 - 35:7	
35:13 - 36:7	36:8 – 36:16
36:23 - 36:24	
37:5 - 37:13	
45:10 - 45:13	
45:15 - 45:18	
45:21 - 46:17	
50:21 - 51:4	
52:25 - 53:10	
58:15 - 58:18	
60:4 - 60:7	
60:21 - 60:25	
61:2 - 61:8	
64:1 - 64:15	
64:18 - 64:23	
68:1 - 69:9	
69:16 - 70:5	70:18 – 71:1
76:1 - 76:15	
77:1 - 77:14	79:13 – 80:6
82:4 - 83:8	
84:5 - 84:19	
88:15 - 88:25	
90:17 - 91:6	
92:6 - 93:3	
94:8 - 94:11	
95:15 - 95:23	
102:24 - 103:10	
105:1 - 106:2	
111:5 - 111:22	
113:24 - 115:20	
116:16 - 116:23	
118:23 - 120:22	
122:17 - 123:4	
125:21 - 126:7	
130:7 - 132:11	
134:21 - 136:1	

Movants' Designation (Kim – 30(b)(6))	Debtor's Counter Designation
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141:20 - 142:11	
145:10 - 145:19	
149:7 - 149:18	
149:21 - 151:4	
155:19 - 155:23	155:24
155:25 - 156:8	
157:3 - 157:5	157:6 – 157:7
157:8 - 157:13	
158:24 - 158:25	159:1 – 159:7
168:15 - 169:6	
170:17 - 171:9	172:13 – 173:2
178:23 - 179:6	
186:25 - 187:8	
192:16 - 194:17	
194:23 - 196:4	
199:9 - 199:22	
200:9 - 200:25	203:9 – 203:23

THIBAUT MONGON – JANUARY 19, 2022

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12:12 – 12:16	
14:14 – 14:24	
15:11 – 16:10	
16:14 – 17:18	
17:24 – 18:22	18:23 – 18:24
18:25 – 19:3	18:23 – 18:24
19:5 – 19:25	
20:8 – 21:1	
22:2 – 23:5	
23:17 – 24:5	23:6 – 23:16
24:18 – 24:22	24:23 – 25:7
25:6 – 27:15	
27:23 – 28:22	
29:25 – 30:5	
34:19 – 35:2	
35:15 – 35:24	35:3 – 35:13
36:15 – 36:24	36:8 – 36:14
43:15 – 44:12	43:10 – 43:14
45:15 – 46:5	
46:21 – 47:17	
52:4 – 53:10	Designated Confidential
62:2 – 62:11	
63:4 – 63:14	
63:16 – 63:21	
64:1 – 64:8	64:9
64:10 – 64:10	
69:25 – 70:12	
72:13 – 72:25	
83:15 – 84:2	
84:14 – 85:3	84:4 – 84:11
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100:22 – 101:22	
103:7 – 103:22	
107:6 – 108:23	108:24
113:25 – 115:6	115:7 – 115:9
121:10 – 122:25	
123:20 – 124:14	
124:19 – 125:11	

Movants' Designation (Mongon)	Debtor's Counter Designation
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135:18 – 136:13	
136:24 – 137:8	
137:17 – 139:6	
139:15 – 140:17	
142:2 – 142:7	
143:18 – 144:4	
146:5 – 146:24	
148:23 – 149:3	
149:11 – 150:16	
152:6 – 155:6	151:17 – 152:5
155:20 – 156:12	
162:22 – 165:12	
167:3 – 167:12	
168:1 – 168:11	
169:3 – 169:13	
171:2 – 171:10	
172:3 – 173:1	171:15 – 172:2
177:22 – 178:18	
179:6 – 179:10	
180:7 – 180:19	
181:1 – 181:19	
182:22 – 183:1	
186:14 – 187:18	
191:15 – 196:8	196:9 – 196:14
196:15 – 196:25	
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201:20 – 202:7	201:12 – 201:18
206:18 – 206:24	207:10 – 207:16
207:5 – 207:16	
209:18 – 210:21	
212:15 – 212:19	
215:3 – 215:10	
216:3 – 217:1	217:8 – 217:23
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220:12 – 220:23	
221:12 – 222:10	
223:21 – 224:2	123:5 – 123:18
227:21 – 228:13	227:18 – 227:21
231:18 – 231:25	230:18 – 231:17
235:12 – 236:12	236:13 – 236:17

Movants' Designation (Mongon)	Debtor's Counter Designation
236:25 – 237:4	
237:19 – 237:25	
238:12 – 239:13	
243:11 – 243:22	
244:8 – 244:22	
246:24 – 247:9	
247:19 – 249:5	
251:7 – 254:1	
254:24 – 257:5	254:2 – 254:23
257:18 – 258:3	256:17 – 257:18; 258:4 – 258:6
259:19 – 260:3	
264:3 – 264:12	263:21 – 264:2
268:5 – 268:21	
270:4 – 270:20	269:13 – 270:5
272:4 – 272:20	
273:12 – 274:1	
274:9 – 275:5	275:6 – 275:8
275:9 – 277:12	277:13 – 278:2
278:3 – 279:4	
287:23 – 289:18	
294:25 – 295:22	
296:12 – 296:24	296:6 – 296:11; 296:25 – 297:12
297:23 – 298:10	297:13 – 297:21
298:23 – 299:13	
299:19 – 300:12	
300:24 – 301:7	
303:9 – 304:7	302:8 – 303:8
322:24 – 323:11	
330:3 – 330:13	
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332:13 – 333:8	
336:12 – 337:15	
340:25 – 341:9	338:14 – 338:20; 339:11 – 339:17

MICHELLE GOODRIDGE – DECEMBER 20, 2021

Movants' Designation (Goodridge)	Debtor's Counter Designation
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8:7 - 8:20	
13:23 - 14:4	
17:23 - 18:3	
18:18 - 18:23	18:24-18:25
19:1 - 19:23	19:24-19:25
20:1 - 21:2	21:3-21:4
21:5 - 21:13	21:14-21:15
21:16 - 22:1	22:1-22:3
22:4 - 22:8	
22:15 - 22:16	22:17-22:18
22:19 - 22:19	22:20-22:20
22:21 - 22:23	
22:25 - 23:4	23:5-23:6
23:7 - 23:12	
23:15 - 23:21	
24:23 - 25:16	
25:20 - 25:24	25:25-26:1
26:2 - 26:4	
27:14 - 28:17	
30:3 - 30:6	
31:11 - 31:22	
34:14 - 36:4	
36:11 - 37:1	
38:4 - 38:19	
40:23 - 41:5	41:6-41:7
41:8 - 41:13	41:14-41:14
41:15 - 42:3	42:4-42:4
42:5 - 43:19	
44:17 - 44:24	
45:3 - 45:8	
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46:20 - 46:22	
48:9 - 48:14	
49:8 - 49:16	
50:17 - 51:17	
53:13 - 53:14	
55:25 - 56:2	
56:5 - 56:7	
56:22 - 57:12	
59:11 - 59:18	

Movants' Designation (Goodridge)	Debtor's Counter Designation
61:6 - 61:24	
61:18 - 61:24	
62:2 - 62:9	
62:24 - 63:3	
64:23 - 65:2	65:3-65:3
65:4 - 65:13	
65:21 - 66:23	66:24-66:24
66:25 - 67:3	
69:22 - 69:24	69:25-69:25
70:1 - 70:6	
70:11 - 70:15	
71:7 - 71:8	71:9-71:9
71:10 - 71:16	71:17-71:17
71:18 - 72:3	72:4-72:4
72:5 - 72:19	
74:8 - 74:11	74:12-74:12
74:13 - 74:23	
76:16 - 77:18	
80:10 - 81:1	
81:2 - 81:10	
83:10 - 83:13	83:14-83:15
83:16 - 84:6	84:7-84:8
84:9 - 84:15	84:16-84:17
84:18 - 85:1	
85:9 - 85:19	
86:11 - 86:13	86:14-86:14
86:15 - 86:23	
91:7 - 91:15	91:16-91:16
91:17 - 92:6	
93:8 - 93:12	93:13-93:14
93:15 - 94:18	
94:23 - 95:7	94:19-94:22 ; 95:8-95:9
95:10 - 96:3	96:4-96:5
96:6 - 96:12	96:13-96:13
96:14 - 97:6	97:7-97:8
97:9 - 98:7	98:8-98:9
98:10 - 98:20	
99:8 - 99:18	
107:10 - 107:12	107:13-107:13
107:14 - 107:18	
108:12 - 108:19	
111:12 - 112:14	112:15-112:15
112:16 - 112:18	

Movants' Designation (Goodridge)	Debtor's Counter Designation
114:1 - 114:10	114:11-114:11
114:12 - 114:14	114:15-114:16
114:17 - 115:9	
115:23 - 116:1	116:1-116:2
116:3 - 116:7	
119:15 - 119:17	
119:21 - 120:2	
120:17 - 121:1	
125:3 - 125:6	125:7-125:8
125:9 - 126:1	126:2-126:3
126:4 - 126:18	
130:6 - 130:8	130:9-130:12
130:13 - 130:15	
130:22 - 130:23	130:24-130:25
131:1 - 131:3	
132:18 - 132:22	132:23-132:24
132:25 - 133:4	
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144:1 - 144:7	
148:22 - 150:5	
149:14 - 150:5	
150:11 - 151:16	151:17-151:20
156:1 - 156:4	156:5-156:6
156:7 - 156:9	156:10-156:10
156:11 - 156:14	156:15-156:15
156:16 - 157:7	157:8-157:9
157:10 - 157:12	
163:14 - 163:16	163:17-163:18
163:19 - 163:20	163:21-163:22
163:23 - 163:24	163:25-163:25
164:1 - 164:1	162:2-164:2
164:3 - 164:4	
172:21 - 173:14	
176:8 - 176:21	
176:22 - 177:11	
179:7 - 179:12	179:13-179:14
179:15 - 180:6	
189:7 - 189:8	189:9-189:10
189:11 - 190:5	190:6-190:7
190:8 - 190:13	190:14-190:21
190:22 - 191:1	191:2-191:2
191:3 - 191:15	
199:25 - 200:5	

Movants' Designation (Goodridge)	Debtor's Counter Designation
200:22 - 201:1	
200:25 - 201:12	
201:6 - 201:8	
201:12 - 201:17	201:18-201:19
201:20 - 201:23	
202:2 - 202:7	
203:19 - 204:1	204:2-204:8
204:9 - 204:17	
208:23 - 209:18	
210:8 - 210:16	
214:20 - 215:1	
230:20 - 231:11	
248:15 - 248:17	248:18-248:18
248:19 - 249:7	
249:20 - 250:1	250:2-250:11
250:12 - 250:23	
253:1 - 253:4	253:5-253:8
253:9 - 253:12	
254:1 - 254:3	254:4-254:5
254:6 - 254:21	
310:11 - 310:22	310:23-310:24
310:25 - 311:5	
311:11 - 312:15	
312:20 - 313:4	
314:14 - 314:20	
325:2 - 325:21	
338:11 - 338:22	338:23-339:12

Exhibit B

AZEVEDO, JOSE LUIZ

AZEVEDO, JOSE LUIZ - 01/24/2022

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11 :20 JOSE LUIZ AZEVEDO,
21 called as a witness, having been duly
22 sworn by a Notary Public, was
23 examined and testified as follows:
24 THE WITNESS: Yes, I do.
25 * * *

AZEVEDO, JOSE LUIZ - 01/24/2022

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14 :19 Q. Great.
20 Is there anything affecting your
21 ability to testify truthfully today?
22 A. No.

AZEVEDO, JOSE LUIZ - 01/24/2022

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17 :4 Can you let me know where you
5 went to college and what your degree was?
6 A. Yes.
7 I went to college in Brazil. It
8 was Universidade Federal de Minas Gerais.
9 I did economics. And then I did a master
10 -- MBA here in the United States at
11 University of Rochester.

AZEVEDO, JOSE LUIZ - 01/24/2022

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18 :12 Q. And then after your MBA, what was
13 your next employment?
14 A. I joined Johnson & Johnson.
15 Q. What year was that?
16 A. It was 1999.
17 Q. Am I correct that you've been at
18 Johnson & Johnson since 1999?
19 A. Yes, since 1999. July of '99.
20 Correct.

AZEVEDO, JOSE LUIZ - 01/24/2022

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22 :17 Q. What was your position after VP
18 of finance for innovation?
19 A. So in 2019, I became vice
20 president for the pharmaceutical business
21 in North America, so responsible for the
22 United States and Canada.
23 Q. And for which organization within
24 Johnson & Johnson was this position?
25 A. Pharmaceuticals. Janssen.
23 :1 J. Azevedo - Confidential
2 Pharmaceuticals business at Janssen.
3 Janssen Pharmaceuticals.
4 Q. How long did you hold that

5 position?
6 A. Also approximately two years.
7 Two years and a half until, I would say,
8 October last year.
9 Q. October 2021?
10 A. October 2021, yes.
11 Q. In your role as -- I believe you
12 said it was VP of finance of Janssen
13 Pharmaceutical, what were your
14 responsibilities?
15 A. So I was responsible to support
16 the chairman of the business in North
17 America in all finance-related issues. So
18 we talk about investments, business
19 planning, strategic plan, you know,
20 closing, controls, stocks. Everything
21 related to finance, I was responsible to
22 support the business.

AZEVEDO, JOSE LUIZ - 01/24/2022

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33 :14 Q. Do you have any knowledge
15 regarding the dollar amount of talc claims
16 against Johnson & Johnson or any of its
17 related entities?
18 A. I don't.
19 Q. Have you ever obtained any
20 information regarding the history of talc
21 litigation at J&J -- against J&J?
22 A. No.
23 Q. Are you aware of the amount that
24 J&J or any other J&J entity ever
25 historically paid on talc claims?
34 :1 J. Azevedo - Confidential
2 A. No.
3 Q. Are you aware of any estimate of
4 future claims that Johnson & Johnson might
5 pay to claimants?
6 A. No.

AZEVEDO, JOSE LUIZ - 01/24/2022

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35 :11 Q. Are you a member of the board of
12 directors of Janssen Pharmaceutical?
13 A. I was, and I believe I may be.
14 Because I know after I changed the position
15 from the U.S. commercial to R&D, my
16 understanding is that they are going to be
17 moving all of the board and replace with
18 the person that is replaced in my previous
19 role. So I'm not sure if that process has
20 been completed or not.
21 But, yes, I was a board member
22 for at least for the time that I was CFO
23 for the North America business.
24 Q. Okay. So I want to back up to
25 the beginning.
36 :1 J. Azevedo - Confidential
2 When did you become a member of
3 the board of Janssen Pharmaceutical?
4 A. I believe that when I became --
5 when I became the CFO for the commercial

6 business in North America, that was in
7 2019. So during that time -- sometime
8 during that time, I became a board member.

9 Q. Do you recall if it was right
10 when you started your role as the VP of
11 pharmaceutical North America?

12 A. I don't recall. Probably. But I
13 don't recall.

14 Q. How did you become a board member
15 of Janssen Pharmaceutical?

16 MR. STARNER: Objection.
17 You can answer.

18 A. How I became?

19 THE WITNESS: Sorry, I should
20 answer or not? I should answer?

21 MR. STARNER: You can answer if
22 you can.

23 A. Yeah, I think, like I said, when
24 I became CFO for the North America
25 business, you know -- and, again, I'm

37 :1 J. Azevedo - Confidential
2 trying the recall here -- I believe I was
3 approached by the lawyers and they told me,
4 hey, you're going to become a board member
5 there. And probably I signed some
6 documents and I became a board member. I
7 think that was the process.

8 Q. When you say you were approached
9 by the lawyers, which lawyers?

10 A. I don't recall.

11 Q. Was it internal lawyers within
12 J&J?

13 A. Oh, yes, internal lawyers.

14 Q. So in-house counsel?

15 A. Yes, internal lawyers, yes.
16 Internal lawyers, yes, yes.

AZEVEDO, JOSE LUIZ - 01/24/2022

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39 :3 Q. Did you ever weigh the pros and
4 cons to becoming a board member of Janssen
5 Pharmaceutical?

6 MR. STARNER: Objection.
7 You can answer.

8 A. I would say probably -- not as a
9 Janssen Pharmaceutical. Probably when I
10 was in Brazil, my first time I became a
11 board member, I thought about that, right.
12 But I know in my view that the company has
13 the processes in place and everything,
14 right, that if I'm doing the right thing in
15 line with the policies of the company, I
16 would be protected. So I was not concerned
17 because of that because I know the company
18 was always doing the right thing. We have
19 processes in places, and so I was not
20 concerned about being a board member.

AZEVEDO, JOSE LUIZ - 01/24/2022

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42 :20 Q. What was your understanding of
21 your role on the board of directors for

22 Janssen Pharmaceutical?

23 A. Yeah, my understanding is more of
24 a statutory role. You know, a lot of times
25 signing documents. Some of the documents

43 :1 J. Azevedo - Confidential

2 that I signed, I would say I was part of
3 the decision process. Some of the
4 documents I signed, I am not part of the
5 decision-making process.

6 You know, it's a big business, it
7 is the legal business, and I don't have
8 full responsibility on everything. So I
9 would say a lot of that is really statutory
10 signing documents. That's a big part of
11 that.

12 Q. What do you mean when you say
13 that you didn't have -- you weren't part of
14 the decision-making process of documents
15 that you would sign --

16 MR. STARNER: I'll just object to
17 that question.

18 But you can answer if you
19 understand.

20 A. Yes, because again, J&J -- maybe
21 step back a little bit.

22 When I'm saying I'm finance VP
23 for commercial of North America, right, I'm
24 responsible for, like I said before, the
25 commercial business of North America.

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2 However, the Janssen Pharmaceutical, the
3 legal entity that I support, has a lot of
4 activities that are beyond commercial, like
5 supply chain, R&D, and et cetera.

6 So sometimes I'm signing
7 documents that are really related to areas
8 that I don't have, I would say, managerial
9 responsibility. So I don't -- so I'm not
10 part of the decision-making of some of the
11 documents I am signing.

12 Q. What do you do to get comfortable
13 to make a business decision and sign
14 documents when it's areas outside of your
15 decision-making?

16 A. Yes, I make sure that -- I make a
17 couple --

18 MR. STARNER: Hold on, Jose.
19 Give me a chance to object.

20 I object to the question.

21 But you can answer, Jose. Just
22 give me a second to object, if you
23 would.

24 THE WITNESS: Sorry about that,
25 Greg.

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2 A. No, I make sure that when things
3 are brought to me, that the people --
4 because J&J, I would say, has a very clear
5 process, right? Roles and responsibilities
6 and et cetera.

7 So I make sure that things come
8 to me that the people who had to review or
9 approve, they have approved it. So after I
10 have that visibility, right, that the right
11 people have done the due diligence and

12 approved, then I approve.

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52 :12 Q. So earlier when you were
13 mentioning that there are documents that
14 you sign for which you are not part
15 decision-making process and documents that
16 you sign for which you are part of the
17 decision-making process, when it comes to
18 the 2021 Johnson & Johnson corporate
19 restructuring, which bucket would that
20 restructuring fall into for you?

21 A. I'm not part of the
22 decision-making process. I'm not, no.

23 Q. So in that -- with regards to the
24 corporate restructuring, you were provided
25 a document to sign but were not part of the

53 :1 J. Azevedo - Confidential
2 decision-making process?

3 MR. STARNER: Objection.

4 You can answer.

5 A. That is correct.

6 Q. Okay. And for the corporate
7 restructuring, were you aware of a specific
8 matrix or business guidelines that you were
9 required to follow?

10 MR. STARNER: Objection.

11 A. For the corporate restructuring,
12 I think when the lawyers -- because a lot
13 of case, when the lawyers comes to me, you
14 know, because what happened that the
15 lawyers came to me, they explained to me
16 the restructuring they were trying to
17 achieve there. And I understand that at
18 that point in time, the people who had, you
19 know, the decision-making had made that
20 decision. So I was okay to sign that.

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55 :4 Q. Do you know who -- do you know
5 whether there were other members of the
6 board of directors of Janssen
7 Pharmaceutical at the time of the corporate
8 restructuring?

9 MR. STARNER: Objection.

10 A. Yes, absolutely there are others.

11 Q. Do you know who they are?

12 A. I cannot tell you for 100 percent
13 certainty. I believe that one of the
14 persons that was also my colleague in the
15 board was Sarah Brennan. But, again, I'm
16 not 100 percent sure of that. Because she
17 replaced Jeff Smith, and I believe she was
18 -- again, I believe that she replaced him
19 as a board member in the Janssen
20 Pharmaceutical.

21 Q. Do you know what Sarah Brennan's
22 title is?

23 A. I don't know -- I know what she
24 does. I don't know the title specifically.

25 Q. And what does Sarah Brennan do?
56 :1 J. Azevedo - Confidential
2 A. She is responsible for business
3 development for U.S. commercial.
4 Q. Do you know if there were any
5 other board members of Johnson at the time
6 of the corporate restructuring?
7 MR. STARNER: Objection.
8 You can answer.
9 A. I don't know who were the other
10 members, if there were. I believe there
11 were, but I don't know who are they.
12 Q. Is it fair to say that you had no
13 discussions with other board members of
14 Johnson regarding the corporate
15 restructuring?
16 MR. STARNER: Objection. Assumes
17 evidence not -- facts not in evidence.
18 You can answer.
19 THE WITNESS: That's okay.
20 A. Yes, I didn't have discussions
21 with other board members about the
22 restructuring. I did not.
23 Q. Thank you.
24 When did you first learn about
25 the possibility of a corporate
57 :1 J. Azevedo - Confidential
2 restructuring?
3 MR. STARNER: Objection. Vague.
4 A. I believe it was sometime in
5 October when the internal lawyers -- they
6 approached me and -- because of course I
7 have the -- my role as a board member of
8 Janssen Pharmaceutical, they approached me
9 and they explained me the corporate
10 restructuring, what they are trying to do,
11 what is the intent of the restructuring and
12 what is being done.

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57 :18 Q. Does the board of Janssen
19 Pharmaceutical ever meet whether it's
20 virtually or in person?
21 A. I never met. I'm not sure if
22 there are other meetings, but I never did.

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58 :5 Q. So it's fair to say you did not
6 meet with other members of the board of
7 Janssen with regard to the corporate
8 restructuring that occurred in 2021?
9 MR. STARNER: Objection.
10 You can answer.
11 A. No, I did not meet.
12 Q. Does the board of Janssen
13 Pharmaceutical ever hire its own counsel?
14 A. I'm not -- I don't know.
15 Q. In your experience, have you ever
16 been part of a decision to hire counsel for
17 the board of Janssen Pharmaceutical?

18 A. No.

19 Q. So is it fair to say in your
20 experience, you rely on Johnson & Johnson
21 internal counsel to make decisions on
22 behalf of the board of Janssen?

23 MR. STARNER: Objection.

24 You can answer.

25 A. I would say yes. And I'm not

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2 sure, so let me -- so, yes, I'm not sure --
3 but I'm not sure if the lawyers, they get
4 external advice or not. So most of the
5 time, my contact is with internal lawyers,
6 yes.

7 Q. And when you speak with those
8 in-house lawyers, those lawyers for Johnson
9 & Johnson, you understand that they're
10 representing the interests of the board of
11 Janssen & Janssen [sic]?

12 MR. STARNER: Objection.

13 You can answer.

14 A. Yes.

15 Q. So those in-house Johnson &
16 Johnson counsel are providing advice on
17 behalf of the board of Janssen
18 Pharmaceuticals?

19 MR. STARNER: Objection.

20 A. Yes, I believe so. Yes.

21 Q. In your experience as a board
22 member of Janssen Pharmaceutical, do you
23 ever rely on advice of outside counsel?

24 MR. STARNER: Objection.

25 A. I don't -- I don't recall --

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2 again, I don't recall any decision as a
3 board member that I had to go outside to --
4 again, I don't recall -- to get external,
5 external advice.

6 Q. Without -- I'm not asking about
7 content of any communication with lawyers.

8 With regard to the corporate
9 restructuring, did you ever speak with
10 counsel, with outside counsel such as Jones
11 Day?

12 A. Such as, sorry?

13 MR. STARNER: Objection.

14 Q. Such as Jones Day.

15 MR. STARNER: Objection.

16 You can answer.

17 A. So let me try to recall here,
18 right? So I -- when -- when the lawyers,
19 the lawyers approach me to sign the
20 document, and of course, you know, to make
21 sure that I understood, you know, the whole
22 process, the restructuring, to make sure
23 that I was comfortable, I believe, I
24 believe at that point in time, I just
25 talked to internal lawyers, I guess. I

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2 believe.

3 I don't recall talking to
4 external, but I'm -- but, you know, I'm not
5 100 percent sure here. I think it was the
6 internal lawyers only.

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62 :23 Q. When did you first hear about the
24 possibility of a Johnson corporate
25 restructuring with regard to talc
63 :1 J. Azevedo - Confidential
2 liabilities?
3 MR. STARNER: Objection.
4 You can answer.
5 A. It was when, like I said, when
6 the lawyers approached me in October to
7 explain me the restructuring. That is the
8 first time I heard that.
9 Q. Okay. Do you recall
10 approximately when in October you were
11 approached?
12 A. I don't know. I would not be --
13 no, I don't know.
14 Q. Would you say it was closer to
15 the beginning of October or the end of
16 October?
17 A. Probably, again, I think probably
18 the beginning of October.
19 Q. Who approached you?
20 A. Internal J&J lawyers.

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65 :21 Q. Okay. And from the time that you
22 received the email -- strike that.
23 Am I correct that you received an
24 email scheduling a meeting with these
25 lawyers?
66 :1 J. Azevedo - Confidential
2 MR. STARNER: Objection.
3 Go ahead.
4 A. Yeah, I received an email asking
5 for my flexibility to schedule a meeting.
6 It was not -- it was not to schedule the
7 meeting specifically. Just to say we need
8 to talk and I would need to talk to you and
9 would likely in the next X days if you have
10 -- you know, for me to be more flexible if
11 possible.
12 Q. And did you end up having a
13 meeting with these lawyers?
14 A. Yes, I did.
15 Q. Was that meeting in person,
16 virtual, a telephone call, or something
17 else?
18 A. It was a Zoom call.
19 Q. I'm going to put aside that call
20 for a second and we'll come back to that
21 later.
22 Sitting here today, what is your
23 understanding of the J&J corporate
24 restructuring?
25 MR. STARNER: I'll just object.
67 :1 J. Azevedo - Confidential
2 I'll instruct you not to reveal
3 any specific communications you may

4 have had with counsel on that topic,
5 but subject to that, Jose, you know,
6 you can answer the question.

7 THE WITNESS: Thank you Greg.

8 A. So you want me to -- what is my
9 overall understanding of the restructuring?

10 Q. Right.

11 A. Yeah. Okay. So I -- so I
12 understand Johnson & Johnson, we create
13 this new company, LTL, that is going to be
14 carrying out the liability -- existing
15 future liability in regards to the talc.
16 This company, of course, is being funded.
17 You know, I think they have a royalty
18 stream. Yeah, so my understanding of the
19 -- so let me start again.

20 So my understanding is that what
21 they are trying to do here is really to
22 solve the talc litigation in a fair and
23 equitable way to all the parties involved.
24 And to do that, J&J set up a new company.
25 LTL I believe that is the name.

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2 And that company is going to be
3 the one carrying out the liabilities and
4 the liabilities that exist today, plus any
5 future liabilities. And that company is
6 going to be funded, you know, to resources
7 to, of course, to handle those liabilities.
8 That is my understanding.

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68 :17 What is your understanding of how
18 LTL came into existence?

19 MR. STARNER: Objection.

20 You can answer.

21 A. Like I said, I think it was a
22 corporate restructuring, right? That, you
23 know, one of the outcomes of that was we
24 need to create that company that is going
25 to be receiving all the liabilities related

69 :1 J. Azevedo - Confidential

2 to talc. So that's my understanding.

3 Q. Are you aware of the specific
4 steps in the process of creating LTL?

5 A. No, not the details.

6 Q. Are you familiar with a company
7 called Currahee Holding Company Inc.?

8 A. Yes.

9 Q. What is your understanding of the
10 purpose of that company?

11 A. My understanding that this
12 company is the one that is going to
13 continue to carry the Johnson & Johnson
14 Consumer business, aside, of course, of the
15 talc litigation. So the business
16 operations. That is what I recall. That
17 is my understanding.

18 Q. When did you form that
19 understanding?

20 A. When I talked to the lawyers.
21 Because if I'm not mistaken, this was one
22 of the steps that I was -- the reason was

23 going through the process, right, is to
24 sign, as a Johnson & Johnson pharmaceutical
25 board member is really to -- the creation
70 :1 J. Azevedo - Confidential
2 of that company that you mentioned
3 Currahee, right, there is going to be a
4 Holdco under Janssen Pharmaceutical to
5 continue to do the business operations of
6 consumers.
7 So that's when I learned. Of
8 course as part of my signatory
9 responsibility, right, I understood that
10 because I signed that specific step of the
11 process.
12 Q. Were you involved in any other
13 steps of the process?
14 MR. STARNER: Objection.
15 You can answer.
16 A. I was not.

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72 :2 Q. Prior to the creation of Currahee
3 Holding Company, were you aware of the
4 assets and liabilities of Johnson & Johnson
5 Consumer Inc.?
6 MR. STARNER: Objection.
7 A. No, I don't have visibility of
8 that. I don't have access to that.

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73 :5 Q. So you said it is your
6 understanding that Currahee was going to be
7 the one that was going to be doing some of
8 the activities that JJCI was doing.
9 Which activities?
10 A. The commercial activities and et
11 cetera. I would say -- and that is my
12 understanding. All the activities except
13 for the talc liabilities. That is going to
14 be done by LTL.
15 Q. Are you familiar with a company
16 called Chenango Zero LLC?
17 A. No.
18 Q. Are you familiar with a company
19 called Chenango One LLC?
20 A. No.
21 Q. Are you familiar with a company
22 called Chenango Two LLC?
23 A. No.
24 Q. Are you familiar with a company
25 called Royalty A&M?
74 :1 J. Azevedo - Confidential
2 A. No.

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74 :13 Q. Mr. Azevedo, you can take a
14 moment to look at the document.
15 MS. D'AQUILA: We are going to be

16 marking this document as Exhibit 53.
17 (Deposition Exhibit 53, Email
18 chain beginning with email dated
19 10/6/2021 from McCann to McCann and
20 others, Bates-stamped LTL 0032091
21 through 32093, marked for
22 identification, as of this date.)
23 (Document review.)

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79 :4 Q. Do you recall whether the meeting
5 being referenced in the document up on your
6 screen is the first meeting -- is
7 referencing the first meeting you had ever
8 had a meeting with Johnson & Johnson
9 counsel regarding the corporate
10 restructuring?

11 A. Yeah. Like I said, I mean, the
12 first -- so maybe step back again a little
13 bit, right, because I know that in that
14 timeline, I had two meetings with the
15 lawyers. So I am not sure if this is the
16 first or second, right? So just recalling.
17 So like I said, I was contacted
18 by the lawyers to try to set up some time.
19 And then I had a meeting with the lawyers,
20 maybe this one, where they explained to me
21 the restructuring, right, to make sure,
22 number one, I understand the restructuring;
23 number two, that I'm comfortable that
24 everybody had to analyze, analyze.

25 And then I had a second meeting
80 :1 J. Azevedo - Confidential
2 with the lawyers I believe in the moment --
3 in the day that I signed the documents,
4 just to make sure that I'm signing -- if
5 there was any questions, any other
6 followups that I had to do.

7 So if this -- probably this was
8 the first meeting, but I am not so sure if
9 this is the first or the second. Maybe the
10 first.

11 Q. Okay. At your first meeting with
12 Johnson & Johnson attorneys, was anyone
13 else present other than you and the Johnson
14 & Johnson attorneys?

15 A. That's what I recall.

16 Q. I'm sorry, what is it that you
17 recall? That it was just yourself --

18 A. Only myself -- yeah, what I
19 recall, that only myself and the J&J
20 lawyers. But I'm not 100 percent sure. I
21 think it was only us and the internal
22 lawyers.

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85 :18 MS. D'AQUILA: Deane, if you
19 could please pull up what Brown Rudnick
20 has identified for the court reporter
21 as Document C and put it on the screen

22 for all parties, please.
23 We are going to be marking this
24 document as Exhibit 54.
25 (Deposition Exhibit 54, Email
86 :1 J. Azevedo - Confidential
2 chain beginning with email dated
3 10/7/2021 from McCann to McCann and
4 others, Bates-stamped LTL 0032094
5 through 32096, marked for
6 identification, as of this date.)

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87 :5 Q. So if you see, the email appears
6 to have been sent to you on October 7th,
7 2021, at 4:27 p.m.
8 Do you see that?
9 A. Yes, I do.
10 Q. And it appears to be scheduling a
11 call or a meeting for October 11th, 2021,
12 at 3:30 p.m.
13 Do you see that?
14 A. I do.
15 Q. Do you recall attending a meeting
16 on October 11th with the J&J attorneys with
17 regard to the corporate restructuring?
18 A. If -- I don't recall. It was a
19 long time ago. But if the meeting was
20 scheduled, probably that happened, yeah.
21 Q. Are you --
22 A. I don't recall the specific dates
23 specifically if anything changed. But like
24 I said before, I had two meetings with the
25 lawyers in the beginning of October. So
88 :1 J. Azevedo - Confidential
2 that could be one of those meetings no
3 doubt.
4 Q. And when you -- so just looking
5 chronologically, comparing the last
6 exhibit, which appears to be -- the call
7 appears to have been scheduled for
8 October 6th at 7:00 p.m., and this document
9 the call was scheduled for October 11th at
10 3:30 p.m., is it fair to say that this
11 document is likely reflecting the second
12 meeting with counsel that you were
13 describing?
14 MR. STARNER: You can answer.
15 A. Yes, that is correct. So like I
16 said before, Danielle, I had the first
17 meeting maybe October 6th, right, where the
18 lawyers, they explained, you know, the
19 restructuring, the goals, and et cetera.
20 And then the second meeting, that
21 may be the October 11th, was I think during
22 the time that I signed the documents,
23 right, just to check again if I have any
24 questions, any doubts, any concerns and
25 everything like that.
89 :1 J. Azevedo - Confidential
2 So probably, you know, not having
3 100 percent certainty because this may have
4 changed a little bit, but, yeah, these
5 probably were the two meetings; October 6th

6 the first one and October 11th, the second
7 one, the one after or during the time I was
8 signing the document.

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90 :11 Q. So if I understand the timeline
12 correct, roughly October 6th is when you
13 first learned of the J&J corporate
14 restructuring, correct?

15 MR. STARNER: Objection.
16 You can answer.

17 A. I believe so. Around that
18 timeline. If the meeting was October 6th,
19 the first one, that is when I learned.

20 Q. Between October 6th and
21 October 11th, what did you do, if anything,
22 to analyze the corporate restructuring?

23 MR. STARNER: Objection. Vague.
24 You can answer.

25 THE WITNESS: Sorry?

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2 MR. STARNER: I objected to the
3 form of the question, but you can
4 answer.

5 A. Yeah, I -- so a couple of things,
6 right? I think the October 6th, the first
7 meeting where I had the meeting with the
8 lawyers and they explained me the
9 restructuring. And then at some point in
10 time is where I did receive the document
11 and I read the document. That is how I
12 analyzed that, the document that I was
13 supposed to sign, that I was going to sign.

14 But I don't think I did that in
15 any other activities there. I think the
16 lawyers were very clear if I have any
17 questions, if I want to have any follow-up
18 calls to, you know, to learn more on this
19 or that, that they were open to do that,
20 but I don't think -- I think the first
21 meeting for me was, I would say, enough to
22 understand and to be comfortable to sign.

23 Q. How long did that first meeting
24 last?

25 A. I don't remember.

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2 Q. Did it last approximately 30
3 minutes?

4 A. No. Probably more.

5 Q. Did it last --

6 A. I would say around one hour.
7 Between half an hour and an hour, but I
8 don't remember anyhow.

9 Q. Did you receive any materials
10 other than the Janssen Pharmaceutical
11 unanimous consent that you executed with
12 regard to the corporate restructuring?

13 A. So I don't think so. I think the
14 lawyers, I think they -- they, during the
15 meeting, they did share documents and their
16 restructuring, the design of the
17 restructuring, but I don't recall having
18 received that. I don't think I did. I saw

19 it during the meeting.

20 Q. How many documents did you see
21 during the meeting?

22 A. I don't remember.

23 Q. Fewer than five?

24 A. I don't --

25 MR. STARNER: Objection.

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2 THE WITNESS: Sorry, Greg.

3 MR. STARNER: Yeah, just
4 objection.

5 You can answer.

6 A. I don't know. I don't recall. I
7 would be speculating here. I have no idea.

8 Q. At least one?

9 A. For sure, yes, more than one.

10 Q. I'm trying to understand roughly
11 the number of documents that you were
12 shown, Mr. Azevedo, during your first
13 meeting with the J&J attorneys.

14 So you saw at least one document,
15 correct?

16 A. Yeah, at least one document. You
17 know, I remember I saw documents. I saw
18 corporate design, some drafts, but I don't
19 recall how many documents. I would be
20 speculating to say. It's more than one for
21 sure.

22 Q. Other than -- so -- strike that.

23 You saw documents with regard to
24 corporate structure and the corporate
25 design of the corporate restructuring,

94 :1 J. Azevedo - Confidential
2 correct?

3 A. Very high level. Yes.

4 Q. Can you describe for me the other
5 documents that you were shown?

6 A. I would say what I recall at this
7 point in time -- again, Danielle, of course
8 the lawyers, they showed me, you know, the
9 design, the LTL, et cetera, what we are
10 trying to do here. So I remember I saw
11 some of the corporate design, the documents
12 there.

13 Q. Did you see any documents with
14 regard to the financial impact that the
15 corporate restructuring would have
16 specifically on Janssen Pharmaceutical?

17 A. No.

18 Q. Did you see any documents with
19 regard to the financial impact of the
20 corporate restructuring would have on JJCI?

21 A. No.

22 Q. Did you see any documents with
23 regard to the financial impact that the
24 corporate restructuring would have on LTL?

25 MR. STARNER: Objection.

95 :1 J. Azevedo - Confidential
2 A. No.

3 Q. Were you shown any documents with
4 regard to the tax implication that the
5 corporate restructuring would have on
6 Janssen Pharmaceutical?

7 MR. STARNER: Objection.

8 A. The tax implications, no, I have

9 not seen that.

10 Q. And is it fair to say that at no
11 point in time have you seen documents with
12 regard to how the corporate restructuring
13 would -- strike that.

14 Is it fair to say that at no
15 point in time that you've seen documents
16 with regard to the financial impact of how
17 the corporate restructuring would impact
18 Janssen Pharmaceutical?

19 MR. STARNER: Objection.

20 A. The financial impacts of the
21 restructuring in the Janssen
22 Pharmaceutical?

23 Q. Correct, that is my question.

24 A. Yeah, I don't recall. I don't
25 recall having that discussion.

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2 Q. Okay. And you don't recall
3 seeing those documents, not just at the
4 meeting with the attorneys that we were
5 talking about, but I'm talking about at any
6 point in time?

7 MR. STARNER: Objection.

8 A. I think your question is if I saw
9 the documents only in the meeting or at any
10 other point in time?

11 Q. Correct.

12 So let me back up a second.

13 My prior question was specific to
14 documents that -- whether you were shown
15 them at the time of your discussions with
16 attorneys prior to the J&J restructuring.

17 I'm now asking have you ever seen
18 documents with regard to the financial
19 impact that the corporate restructuring
20 would have on Janssen Pharmaceutical?

21 A. I don't recall having seen that.

22 Q. And at any point in time did you
23 see -- have you seen documents with regard
24 to the financial impact that the corporate
25 restructuring would have on JJCI?

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2 MR. STARNER: Objection.

3 A. I -- I don't recall having seen
4 that.

5 Q. At any point in time have you
6 seen documents with regard to the financial
7 impact that the corporate restructuring
8 would have on LTL?

9 MR. STARNER: Objection.

10 A. The financial impact that the
11 restructuring would have on LTL?

12 Q. Correct.

13 A. I don't recall having seen that.

14 Q. Okay. Going back to the meeting
15 that occurred on October 6th between
16 yourself and the J&J attorneys, from that
17 point forward, what else did you do other
18 than talk to the attorneys at these two
19 meetings with regard to the J&J corporate
20 restructuring?

21 MR. STARNER: Objection.

22 A. I just talked to -- let's see, my
23 role on that and also to get me comfortable

24 to sign was talking with the attorneys. So
25 I think the attorneys -- I talked only to
98 :1 J. Azevedo - Confidential
2 the attorneys, the attorneys only.
3 Q. You never talked to any other
4 businessperson at J&J with regard to the
5 corporate restructuring?
6 A. No.

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98 :17 So you never spoke to any other
18 Janssen board member with regard to the
19 Johnson & Johnson restructuring?
20 A. I have not. No, Danielle, like I
21 said, the only people I talked to were the
22 attorneys and the attorneys only on the
23 restructuring, the only people that have
24 contact and talk to understand.

AZEVEDO, JOSE LUIZ - 01/24/2022

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99 :11 Q. Sure. I'll rephrase it.
12 Am I correct that at some point
13 in time, you received a copy of the Janssen
14 Pharmaceutical unanimous written consent?
15 MR. STARNER: Objection. Vague.
16 A. I'm not sure. I mean I know that
17 the document -- so let me step back a
18 little bit.
19 So the document I have received
20 was the one that I signed, right? And if
21 that is the one that you are referring to,
22 you are correct.
23 Other documents, you know, were
24 shared with me by the lawyers for me to
25 have an understanding of the restructuring
100 :1 J. Azevedo - Confidential
2 so I would be comfortable to sign. But I
3 believe that the only one that I had
4 received was the one that I did sign.
5 Q. And when you say that the lawyers
6 shared documents with you, how did they
7 share them?
8 A. In the Zoom like you're doing
9 here, like sharing the Zoom so I could read
10 and could talk like in a presentation mode,
11 you know, could go through the documents
12 and have a discussion and while they're
13 explaining, you know, the whole
14 restructuring, the organization.
15 Q. During your October 11th meeting
16 with the attorneys, were documents shared
17 with you then as well?
18 A. Can you repeat that? Sorry.
19 Q. No problem.
20 During the October 11th meeting
21 with the attorneys, is the document that is
22 up on your screen right now, did the
23 attorneys share documents with you during
24 that meeting as well?
25 A. I don't recall the specific of

101 :1 J. Azevedo - Confidential
2 that meeting. I think that meeting was
3 more -- you know, if I remember, if I
4 recall well, like I said, the first meeting
5 was really to have -- highlight the
6 understanding, so they shared more
7 documents.
8 I think the second meeting, if I
9 recall well, we really focused on the
10 document that I was signing.
11 So the document that I was
12 signing of course were shared and
13 everything else, but I don't recall at that
14 point in time whether all the documents
15 were shared or not. It may be or it may be
16 not. I think the focus was really the
17 document being signed at that point in
18 time.

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102 :17 (Deposition Exhibit 1.5, Document
18 entitled "Janssen Pharmaceuticals, Inc.
19 Unanimous Written Consent in Lieu of a
20 Meeting of the Board of Directors,"
21 dated 10/11/2021, Bates-stamped LTL
22 0001079 through 1091, marked for
23 identification, as of this date.)

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103 :4 MS. D'AQUILA: For the record,
5 this document is, as I mentioned, the
6 fifth document in the closing binder
7 that we received. It's labeled
8 "Janssen Pharmaceutical Inc. Unanimous
9 Written Consent in Lieu of a Meeting of
10 the Board of Directors, October 11th,
11 2021." And the Bates number on the
12 first page is LTL_0001079.

13 BY MS. D'AQUILA:

14 Q. Do you recognize this document,
15 Mr. Azevedo?

16 A. I think -- again, it was a long
17 time ago. I think that is the one that I
18 may have signed the creation of the Newco,
19 or Holdco. I believe that is the one, but
20 again...

21 MS. D'AQUILA: Deane, if you
22 could scroll to the third page. The
23 Bates number ends in 101.

24 Great. Thank you.

25 BY MS. D'AQUILA:

104 :1 J. Azevedo - Confidential
2 Q. Mr. Azevedo, is that your
3 signature on this page?
4 A. That is correct, yes.
5 Q. Do you recall, how did you sign
6 this document?
7 A. I think that -- again, when I
8 look at this, I think they sent the
9 document, I print, I signed, I scanned, and

10 I sent back to them.

11 Q. Do you recall approximately what
12 time of day that you signed this document?

13 A. I don't. I'm sorry.

14 Q. As we saw on the first page of
15 this document, it is dated October 11th.

16 Do you recall whether you signed
17 this document on October 11th?

18 A. I don't recall. Probably, but I
19 don't recall exactly the date. But if that
20 is the date, I would assume that is when I
21 signed the document. Because, you know, I
22 don't have the dates or anything like that.

23 Q. And I believe you said you sent
24 it back to them.

25 Who did you send the completed

105 :1 J. Azevedo - Confidential
2 version of this document to?

3 A. To the lawyers.

4 Q. At J&J?

5 A. Yes, internal lawyers of J&J,
6 yes.

7 MS. D'AQUILA: Deane, if you
8 could please go back to the first page.
9 (Document review.)

10 BY MS. D'AQUILA:

11 Q. So I'm looking at the first full
12 paragraph under the heading "Incorporation
13 of Currahee Holding Company Inc."

14 And this paragraph starts,
15 "Whereas, the corporation desired to form a
16 New Jersey corporation named Currahee
17 Holding Company Inc., Currahee Holding,
18 which was formed on October 6th, 2021..."

19 Do you see where I am reading,
20 Mr. Azevedo?

21 A. Can you repeat the question,
22 Danielle?

23 Q. Sure.

24 I just read the first, about half
25 of the first sentence of the paragraph, the

106 :1 J. Azevedo - Confidential
2 first paragraph that starts "Whereas..."

3 Do you see where I am reading?

4 A. Yes, I see it.

5 Q. Why did Janssen Pharmaceutical
6 desire to form a New Jersey corporation
7 named Currahee Holding Co?

8 MR. STARNER: Objection.

9 A. Why? You're asking me the
10 question why?

11 Q. That is correct.

12 Why did Janssen Pharmaceutical
13 desire to form a New Jersey corporation
14 named Currahee Holding Company Inc.?

15 A. So let me step back again, right.

16 So again, I will say, right, I
17 was a signatory of this document as part of
18 my statutory role, but I believe this was
19 -- my understanding when I talked to the
20 lawyers and the need to understand the
21 operation, that is one necessary step for
22 the restructuring to create the LTL to
23 really to address the talc litigation. So
24 I believe this was one necessary step to do

25 that, so that is why.

107 :1 J. Azevedo - Confidential

2 Q. Is it correct that your
3 understanding with regard to the desire to
4 form Currahee Holding Co came entirely from
5 in-house counsel at Johnson & Johnson?

6 MR. STARNER: Objection.

7 A. So I cannot answer that question.

8 Q. Why can't you answer that
9 question?

10 A. Because I don't know the answer.

11 Like I said, I have, I have -- I've been in
12 contact with internal lawyers, so the
13 internal lawyers conveyed that to me. But
14 I was not part of the decision process and
15 who was involved and who was advising and
16 et cetera. So I cannot answer that
17 question.

18 Q. I'm just trying to make sure I'm
19 understanding what you're saying, so
20 forgive me.

21 Is it fair to say, though, that
22 your understanding came solely from the
23 Johnson & Johnson in-house counsel.

24 You're just saying you don't know
25 where the Johnson & Johnson in-house

108 :1 J. Azevedo - Confidential

2 counsel necessarily got their information?

3 MR. STARNER: Objection. Vague.

4 Lacks foundation.

5 You can answer if you understand.

6 A. Yeah, that's my understanding.

7 Yeah, exactly. I think my understanding
8 and my connect was with Johnson & Johnson
9 internal counsel. But I think your
10 question was if the idea of the design,
11 right? So I don't know who did participate
12 and who -- if there are the involvement of
13 external advisers or not, so I cannot
14 answer that. But my understanding came
15 through the internal lawyers, yes, and
16 only.

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110 :13 Q. Moving down now to the next
14 "whereas" paragraph, the paragraph that
15 starts with "Whereas under approval of the
16 subscription agreement," this states,
17 "Whereas the corporation desires to
18 subscribe for one share of common stock,
19 par value at \$0.01 per share of Currahee
20 Holdco, in consideration of which the
21 corporation will deliver to Currahee Holdco
22 one share of common stock, par value \$0.01
23 per share, of Johnson & Johnson Consumer
24 Inc. "

25 Do you see where I just read

111 :1 J. Azevedo - Confidential

2 from, Mr. Azevedo?

3 A. Can you repeat the last part of
4 the question? Sorry, Danielle.

5 Q. Sure.

6 I just wanted to see that you

7 were following along where I read from the
8 document.

9 A. Yes, I see it. Yes.

10 Q. Why did the corporation desire to
11 subscribe for one share of common stock of
12 Currahee Holdco in consideration for one
13 share of common stock of Johnson & Johnson
14 Consumer Inc.?

15 MR. STARNER: Objection.
16 You can answer.

17 A. Yeah, I'm not aware of the
18 details and why that. You know, because
19 again, as I said, I was not part of the --
20 I was not an expert on the details of the
21 operation and the shares and et cetera. I
22 cannot answer. Sorry.

23 Q. Why was Currahee Holding Company
24 formed as a New Jersey company?

25 MR. STARNER: Objection.

112 :1 J. Azevedo - Confidential

2 A. I cannot -- I can't answer that.
3 Like I said, I'm not an expert on shares
4 and why.

5 MS. D'AQUILA: Deane, if you
6 could, please, go back to the third
7 page of this document.

8 Thank you so much.
9 (Document review.)

10 BY MS. D'AQUILA:

11 Q. Mr. Azevedo, as we said before,
12 we see your name and signature on this
13 page, correct?

14 A. Yes.

15 Q. And underneath, there are two
16 other names, Sarah Brennan and Randy Nixon?

17 A. Yes.

18 Q. Is it fair to say those are the
19 two other board members of Janssen
20 Pharmaceutical as of October 11th, 2021?

21 A. I would say yes when I see the
22 names, yes.

23 Q. Who is Randy Nixon?

24 A. I don't know. I know Sarah, like
25 I said before. I don't know who is Randy.

113 :1 J. Azevedo - Confidential

2 I believe he may be a lawyer, but I am not
3 100 percent sure.

4 Q. Have you ever had discussions
5 with Randy Nixon during your tenure at
6 Johnson & Johnson to your recollection?

7 A. I don't recall, but I may have
8 had, but I don't recall.

9 Q. But it's fair to say you did not
10 have any conversations with Randy Nixon
11 with regard to the unanimous written
12 consent that we are talking about right now
13 in?

14 MR. STARNER: Objection.

15 A. That is correct. Like I said
16 before, I just talked to the lawyers.

17 MS. D'AQUILA: Deane, if you
18 could, I'm trying to figure out which
19 page number this is. It's Bates number
20 ending 1086, so it would be either page
21 6 or 7. Keep going. 8 maybe? This

22 one. Sorry. You're right there.

23 Thank you.

24 (Document review.)

25 BY MS. D'AQUILA:

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2 Q. Mr. Azevedo, do you see towards
3 the bottom of the page the name Christopher
4 Andrew under Article 7?

5 A. Yes, I do.

6 Q. Do you know who Christopher
7 Andrew is?

8 A. I believe he is a lawyer.

9 Q. Who selected him as the board of
10 director of Currahee Holding Co.

11 MR. STARNER: Objection. Lacks
12 foundation.

13 A. Danielle, can you repeat the
14 question? Sorry.

15 Q. Yeah. I'll back up.

16 So Article 7 on this page of the
17 document, Bates number ending in 1086,
18 Article 7 states, "The numbers of directors
19 constituting the first board of directors
20 is one, and the name and address of the
21 person who is to serve as such director is
22 Christopher Andrew."

23 Do you see where I just read
24 from?

25 A. Yes, I do.

115 :1 J. Azevedo - Confidential

2 Q. And if we are looking at the top
3 of this document, this is the Certificate
4 of Incorporation for Currahee Holding Co.?

5 A. Yes.

6 Q. Who would determine that
7 Christopher Andrew was going to serve as
8 the first board of director for Currahee
9 Holding Co?

10 MR. STARNER: Objection.

11 A. I don't know. I cannot answer
12 the question.

13 Q. It's fair to say that you did not
14 make that determination?

15 A. It is fair to say, yes, I did
16 not.

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116 :4 Q. Mr. Azevedo, did you make any
5 revisions to the unanimous consent?

6 A. No -- are you saying if I --
7 (inaudible.)

8 (Reporter clarification.)

9 THE WITNESS: I'm asking a
10 question to Danielle. Sorry.

11 A. So are you saying if I made any
12 revisions, if I suggest any changes to the
13 document? That is your question?

14 Q. Correct.

15 A. No, I have not.

16 Q. So you received the Janssen
17 unanimous consent that we marked at
18 Exhibit 1.5, and you signed it, correct?

19 MR. STARNER: Objection.

20 You can answer.

21 A. That is correct.

22 Q. How many hours do you think you
23 spent on phone calls, in meetings or
24 otherwise, analyzing the corporate
25 restructuring prior to signing the

117 :1 J. Azevedo - Confidential
2 unanimous consent?

3 MR. STARNER: Objection.

4 A. I would say maybe one or two
5 hours.

6 Q. Before you signed the Janssen
7 unanimous consent, were you presented with
8 any alternatives to the corporate
9 restructuring?

10 MR. STARNER: Objection.

11 You can answer.

12 A. I have not. But when I was
13 talking to the lawyers, I think --

14 MR. STARNER: Mr. Azevedo, I just
15 instruct you not to reveal anything
16 your lawyers may have told you. You
17 can obviously respond with your general
18 understanding.

19 THE WITNESS: Yeah, okay.

20 A. My general understanding is that
21 all the other alternatives had been
22 considered and there was, you know, the
23 final, the best alternative to move
24 forward. That is my understanding.

25 Q. Were you provided with those

118 :1 J. Azevedo - Confidential
2 other alternatives?

3 MR. STARNER: Objection.

4 A. I didn't ask to, so I was not.

5 Q. Before you signed the Janssen
6 unanimous consent, were you provided with a
7 fairness opinion regarding the corporate
8 restructuring?

9 MR. STARNER: Objection.

10 A. What do you mean by the fairness
11 opinion? What do you --

12 Q. Are you aware of what a fairness
13 opinion is in your experience as a
14 businessperson at Johnson & Johnson?

15 A. No, I am not.

16 Q. After you executed the unanimous
17 written consent, did you have any other
18 involvement with the corporate
19 restructuring?

20 MR. STARNER: Objection.

21 A. I have not.

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119 :16 MS. D'AQUILA: We will be marking
17 this document as Exhibit 1.6. This is
18 the sixth document in the closing
19 binder that we received. The Bates
20 number on the first page of this
21 document is LTL_0001092.

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119 :23 Q. Mr. Azevedo, have you seen this
24 document before?
25 A. I cannot answer. I don't know.
120 :1 J. Azevedo - Confidential
2 Maybe it's the one that I signed? I don't
3 remember.

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120 :4 Q. So we can go to the signature
5 page on this. It's the fifth page, I
6 believe. You will see this was signed by
7 Christopher Andrew.
8 Do you see that?
9 A. Yes.
10 Q. So I will represent to you that
11 your signature does not appear anywhere on
12 this document.
13 To your recollection, do you
14 recall ever seeing this document before?
15 A. I would say no, I don't recall
16 having seen it.
17 MS. D'AQUILA: And if you could,
18 Deane, go to the very last page of this
19 document.
20 (Document review.)
21 BY MS. D'AQUILA:
22 Q. Do you see this is labeled
23 Exhibit B to this document, and it's called
24 "Officers of Currahee Holding Company Inc.,
25 a New Jersey corporation"?
121 :1 J. Azevedo - Confidential
2 A. I can see that, yes.
3 Q. Did you have any role in hiring
4 any of these officers for Currahee Holding
5 Company Inc.?
6 MR. STARNER: Objection.
7 A. I have not.
8 Q. Were you aware that any of these
9 individuals were going to be officers of
10 Currahee Holding Company Inc. at the time
11 you signed the unanimous consent for
12 Janssen?
13 A. I was not.

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147 :2 Q. Hi, Mr. Azevedo. I'll be as
3 short as I can be.
4 So you were the VP of finance and
5 CFO of Janssen North America from sometime
6 in 2019 until approximately October of
7 2021; is that correct?
8 A. That is correct, yes.

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148 :13 Q. Did you have a general
14 understanding during that time of the
15 assets that Janssen Pharmaceutical had?
16 MR. STARNER: Objection.
17 A. Yeah, I would say yes.
18 Q. And one of those assets was its
19 equity interest in Johnson & Johnson
20 Consumer Inc.?
21 A. Yeah, I was aware that Janssen
22 Pharmaceutical was underneath Johnson &
23 Johnson.
24 Q. During that time from 2019 until
25 October 2021, did you have an understanding
149 :1 J. Azevedo - Confidential
2 of the approximate value of that asset to
3 Janssen Pharmaceuticals?
4 A. No, I have not. Like I said,
5 these are statutory in the tax department
6 and others are doing that incorporation.
7 So I have an idea, you know, of the legal
8 structuring, but I don't have all the
9 details and et cetera.
10 Q. Were there schedules, financial
11 schedules for Janssen Pharmaceuticals that
12 listed its equity interest in JJCI as an
13 asset?
14 MR. STARNER: Objection. Lacks
15 foundation.
16 A. Not that I would receive, because
17 as I said, I had a managerial
18 responsibility for the business. This was
19 more of the legal structure and the tax
20 structure and you have, I would say,
21 experts in the enterprise that are looking
22 at that.

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152 :12 Q. Do you have an understanding
13 prior to October 11th, 2021, whether
14 Johnson & Johnson Consumer Inc. had a
15 positive value as an asset?
16 MR. STARNER: Objection. Vague.
17 Lack of foundation.
18 A. I'm not -- again, it would be
19 speculation. I don't have -- I don't have
20 access to the consumer financial
21 informations, so I cannot answer your
22 question.

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156 :24 Q. Have you considered any forecasts
25 relating to the restructuring?
157 :1 J. Azevedo - Confidential
2 MR. STARNER: Objection. Asked
3 and answered.
4 A. I have not.

5 Q. Would you consider any analysis
6 relating to the solvency of any entities
7 involved in the restructuring?
8 MR. STARNER: Objection.
9 A. I specifically would not.

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166 :20 Q. Okay. And are you aware of
21 anybody at Janssen Pharmaceutical or J&J
22 for that matter who evaluates the impact of
23 the restructuring on a mesothelioma victim?
24 MR. STARNER: Objection.
25 A. It's a difficult question, but I
167 :1 J. Azevedo - Confidential
2 would say that my understanding talking to
3 the lawyers, as I said before to Danielle,
4 is that the experts in the company, they
5 have weighed the different alternatives and
6 they believe, right, that this was the best
7 alternative for all the stakeholders,
8 right. Not specifically one here, one
9 there, but that is my understanding and
10 that is why I was confirmed to sign that.
11 MR. SATTERLY: Respectfully, I am
12 going to move to strike that answer and
13 just ask it a little bit differently.
14 BY MR. SATTERLEY:
15 Q. Can you tell me the names of
16 anybody at either Janssen or Johnson &
17 Johnson that had evaluated the impact of
18 the restructuring on a mesothelioma victim?
19 MR. STARNER: Objection.
20 A. I cannot give you a name. I
21 don't -- yeah.
22 Q. And what you said, your previous
23 answer, you mentioned Danielle.
24 You are talking about Danielle
25 Devine?
168 :1 J. Azevedo - Confidential
2 A. The lawyer, the first one that
3 was asking me the questions, yes.
4 Q. Oh, the lawyer. I'm sorry. I
5 thought you meant -- do you know who
6 Danielle Devine is?
7 A. No, I don't.
8 Q. Okay.
9 A. Because what I am saying to you
10 is that -- I was repeating what I told to
11 Danielle, the first person that was asking
12 the questions, right that --
13 Q. My apologies.
14 A. Yeah. Because for me to sign the
15 document and talk to the lawyers, my
16 understanding, right, is that all the
17 alternatives had been analyzed and it was
18 considered the best alternative to move
19 forward.

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168 :20 Q. Now I think this is pretty clear

21 based on your previous testimony, but you
22 would agree that you did not participate in
23 any long-arm's length negotiations with
24 regards to the restructuring of
25 October 2021, correct?

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2 MR. STARNER: Objection. Lacks
3 foundation. Calls for a legal
4 conclusion.

5 A. I specifically, if I have not --
6 yeah, I have not participated with
7 negotiations with the claimants or
8 anything, no.

9 Q. Okay. And you weren't present in
10 any room or even in any Zoom meetings where
11 there was an arm's length negotiation with
12 regards to the restructuring regarding the
13 various entities involved, correct?

14 MR. STARNER: Objection.

15 A. When you say if I was involved in
16 arm's length negotiations with the other
17 parties, that's what you're saying?

18 Q. Yes.

19 A. Yeah, the claimants, no, I was
20 not.

21 Q. Okay.

22 A. No, I was not part of the
23 negotiations.

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175 :12 Q. Following up on Mr. Satterley's
13 questioning, was there any consideration of
14 the effect of the restructuring on ovarian
15 cancer claimants?

16 MR. JONES: Object to foundation.

17 MR. STARNER: Yeah, lack of
18 foundation objection. Vague.

19 BY MR. KAHN:

20 Q. That you know of?

21 A. So sorry. You're saying are
22 there any consideration of the effect of
23 the restructuring in the ovarian cancer?
24 That is your question?

25 Q. Yes, as to ovarian cancer

176 :1 J. Azevedo - Confidential
2 claimants.

3 A. Not that I am aware. Like I said
4 before, my understanding is that
5 alternatives were considered what was the
6 best one, but I don't know the specifics,
7 and I don't know if, you know, each case
8 specifically, right, so I cannot answer
9 that.

10 Q. And you don't have any details as
11 to what those other alternatives were --
12 (Simultaneous talking.)

13 Q. You have no understanding as to
14 what the other alternatives that were
15 considered, do you?

16 MR. STARNER: Objection. Lacks
17 foundation. Mischaracterizes the
18 testimony.

19 A. So my understanding, Steve, is

20 that there were a lot of alternatives
21 considered, but I cannot, as I said, go
22 into details which ones and why this and
23 that because I was not part of that.

24 Q. All right. Now as the VP of
25 finance and CFO of Janssen Pharmaceuticals

177 :1 J. Azevedo - Confidential
2 Commercial, I think you said you have no
3 oversight of the financial performance of
4 JJCI; is that correct?

5 A. That is correct. That's what I
6 said.

7 Q. Did anybody else at Janssen
8 Pharmaceutical have responsibility for
9 oversight of the financial performance of
10 JJCI?

11 MR. STARNER: Objection. Lacks
12 foundation.

13 A. I don't know. I can't answer
14 that. Not that I am aware.

15 Q. But would it be correct that just
16 prior to the restructuring that Janssen
17 Pharmaceutical was the sole shareholder of
18 JJCI?

19 MR. STARNER: Objection.
20 Foundation.

21 A. Can you repeat the question, sir?

22 Q. Prior to the corporate
23 restructuring, isn't it correct that
24 Janssen Pharmaceutical was the sole
25 shareholder of JJCI?

178 :1 J. Azevedo - Confidential

2 A. I believe so.

3 Q. And it did not, to your
4 knowledge, oversee the financial
5 performance of JJCI?

6 A. Yes, I said that I didn't --

7 MR. STARNER: Jose, hold on. I
8 just want to object to the question.

9 You can answer.

10 A. I said that I did not have
11 visibility. Like I told you, I cannot tell
12 you who had or who had not. So I'm pretty
13 sure that on an enterprise level, there are
14 people that have that visibility. It's
15 just not me.

16 Q. When you say on the enterprise
17 level, what do you mean?

18 A. Enterprise at Johnson & Johnson
19 in other levels, right, of the
20 organization. People of course have
21 visibility to JJCI, but it's not me. I
22 don't know who are those people.

23 Q. Do you know whether any J&J
24 entity prepared or had prepared on its
25 behalf an analysis of the fair market value

179 :1 J. Azevedo - Confidential

2 of JJCI at any time?

3 MR. STARNER: Objection.
4 Foundation.

5 A. I'm not aware. I didn't
6 participate on that, so I don't know.

7 Q. You haven't heard that any such
8 document was prepared?

9 MR. STARNER: Objection.

10 A. No.

11 Q. Was one of the purposes of the
12 corporate restructuring, to your
13 understanding, to protect J&J from talc
14 claims?

15 MR. STARNER: Objection.

16 Foundation.

17 I just caution the witness not to
18 disclose any communications he may have
19 had with counsel.

20 But with that, you know, you can
21 answer the question if you understand
22 it.

23 A. My understanding, again, my
24 understanding of the restructure was really
25 to solve the issue in the most equitable

180 :1 J. Azevedo - Confidential
2 and proper way for all the stakeholders,
3 right? So that's my understanding of that,
4 you know.

5 Q. When you say that for all the
6 stakeholders, you're including Johnson &
7 Johnson, are you not?

8 MR. STARNER: Objection.

9 A. I include everyone, correct. The
10 JJCI, the claimant, and everybody else.

11 Q. Now you mentioned earlier when
12 you were talking about your understanding
13 of the restructuring that it was to solve
14 the talc claims' current and future
15 liabilities in a, quote, "fair and
16 equitable," unquote, way.

17 Do you recall that?

18 A. I said, yeah, I said that the new
19 company of course is going to -- is going
20 to handle all the existing and future
21 liabilities, yes. Yes.

22 Q. In a quote "fair and
23 equitable" --

24 A. I did probably say that, yes.

25 Q. Are those your words or had you

181 :1 J. Azevedo - Confidential
2 seen that description of or heard that
3 description from somebody else?

4 A. That's my understanding.

5 (Reporter clarification.)

6 Q. Are those your words or had you
7 seen that description of or heard that
8 description from elsewhere?

9 MR. STARNER: Objection.

10 BY MR. KAHN:

11 Q. I think your answer was, "It's my
12 understanding."

13 Where did you gain that
14 understanding?

15 A. Through the conversations with
16 the lawyers.

17 Q. So given to what you have
18 testified to so far, would it be correct to
19 say that you have no understanding as to
20 whether JJCI just prior to the
21 restructuring had any difficulty meeting
22 its debts when due?

23 MR. STARNER: Objection. Lacks
24 foundation.

25 A. Yeah, again, I'm not involved on

182 :1 J. Azevedo - Confidential

2 that, right, on the day to day, on the
3 financials of JJCI, so to say -- I cannot
4 answer that question because I am not the
5 right person to do it.

6 Q. Okay. Have you ever heard from
7 any source that as of that time, JJCI had
8 difficulty meeting its debts when due?

9 MR. STARNER: Objection. Lacks
10 foundation.

11 A. I have not heard about the
12 difficulties to meet the debts when due.
13 Like I said before, I heard the company was
14 under a lot of financial constraints. So
15 what does that mean? I don't know exactly.
16 But I know that that is what I heard. That
17 is what I understood from management
18 meetings.

19 Q. You understood from management
20 meetings it's operating under financial
21 constraints, but you don't know what those
22 financial constraints --

23 A. No, because again, I don't have
24 visibility or work on Consumer, so I am not
25 on the day to day, so I don't know the

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2 implications. I don't know what is
3 actually going on there. But that is the
4 reason why.

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183 :5 Q. That's what you were told, but
6 you don't know what it's based on?

7 A. That's what I was told. And also
8 if I -- and I believe, you know, my
9 understanding as well, and this is public
10 information, that in 2020, right, the
11 company was losing money, the JJCI. And
12 that is public information. The company
13 was losing money because of the litigation
14 costs and et cetera. That is my
15 understanding, that it was public
16 information. That is what I was told.

DICKINSON, RICHARD

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18 :23 Q. Good.
24 Well, let's get started with your
25 education, since graduating from high school;
19 :1 R. DICKINSON
2 if you could tell me about that.
3 A. Yes. I have an undergraduate
4 degree from Slippery Rock University in
5 finance, and a graduate degree from the
6 University of Pittsburgh in finance and MIS.

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19 :11 Q. And if you could take me through
12 your employment history since getting your MIS
13 to -- to today.
14 A. Yes.
15 MB- -- MBA in finance and MIS.
16 Q. Oh, great.
17 Okay. My apologies.
18 A. I --
19 Q. I don't want to take that away from
20 you.
21 A. Yeah, please.
22 I started -- initially --
23 initially, my career, a few years with Xerox
24 Corporation in, you know, financial analyst
25 position.
20 :1 R. DICKINSON
2 And then I spent ten years with
3 Aventus Pharmaceuticals, changed names a few
4 times, but ended up being Aventus
5 Pharmaceuticals.
6 And then I joined Johnson & Johnson
7 roughly in 2001.
8 And I spent three years at Ortho
9 Clinical Diagnostics within Johnson & Johnson,
10 three years as the finance director at Medical
11 Devices, roughly three years as the strategic
12 planning director at Ethicon. And for the
13 last 12 years prior to this role I was the
14 strategic director, senior director/vice
15 president of business development for Medical
16 Devices, primarily acquisitions and
17 divestitures.
18 And currently I'm employed with J&J
19 Services and seconded to LTL as the chief
20 financial officer.

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24 :3 Q. Okay.
4 And were you familiar, while you
5 were at J&J, with the talc litigation?
6 A. I -- I was.
7 Q. Okay.
8 And how were you familiar with it?

9 A. In the normal course of -- of
10 business, being a shareholder,
11 understanding -- reading annual reports or,
12 you know, any time that there was something in
13 the news.

14 Q. But you weren't in any -- well, I
15 won't describe this properly.

16 But in terms of internal
17 information loops relating to talc litigation,
18 updates, that type of thing, were you -- were
19 you involved in those?

20 A. I was not.

21 Q. Okay.

22 All right.

23 I'm curious: When you -- who --

24 how did you join J&J?

25 Who hired you?

25 :1 R. DICKINSON

2 A. I joined Ortho Clinical
3 Diagnostics. An individual named Joe Bondi
4 hired me, and I was, you know, as I said, the
5 financial director for Ortho Clinical
6 Diagnostics.

7 Q. Okay.

8 And how -- how did it come to be
9 that you moved from role to role?

10 How did that -- how is that

11 determined at J&J?

12 Does someone just call you and say,
13 "Rich," you know, "you would be good for this
14 spot"?

15 Or how -- how does that work
16 internally?

17 A. In my career, yes, that's -- that's
18 typically how it worked.

19 Q. Okay.

20 So let's turn to your latest
21 assignment or role, that is, at J&J Services.

22 And, perhaps just generally, can
23 you tell me when that started and how that
24 came to be?

25 A. Yeah. Late -- late September 2021,

26 :1 R. DICKINSON

2 I received a call from Mike Ullmann and Erik
3 Haas, introducing LTL and the potential CFO
4 position.

5 Q. Okay.

6 Do you recall -- when you say "late
7 September," do you recall the date, or
8 approximately the date?

9 A. September 28th.

10 Q. Okay.

11 And that was a phone call from
12 those two gentlemen?

13 A. It was.

14 Q. And as best you can, can you --
15 (Simultaneous speaking.)

16 A. It was a -- let me correct that.
17 It was a Zoom -- a Zoom call.

18 Q. Okay. Great.

19 And let me just be -- one more
20 ground rule. I apologize.

21 Sometimes -- I like to speak,
22 myself, so sometimes I'll jump in and I'll cut
23 you off.

24 Just -- just tell me that you're
25 still answering.

27 :1 R. DICKINSON

2 Or if you want to come back and
3 answer a question more fully, again, you're --
4 you're in charge today. So whatever I can do
5 to -- to help you, just let me know.

6 Okay?

7 A. Thank you. I'm good.

8 Q. Okay.

9 So how did -- well, did they just
10 send you an email and say, Let's have a Zoom
11 call"?

12 Or how did that come to be, that
13 September 28th Zoom call?

14 A. I think it was, "Hey, can we talk
15 this afternoon" --

16 (Simultaneous speaking.)

17 Q. Okay.

18 A. -- type of thing.

19 Q. Okay.

20 And prior to that initial reach-out
21 from them, were you, you know, ensconced in
22 your present position or -- or had you had
23 plans to move on or retire or do anything like
24 that?

25 A. I was focused on my current

28 :1 R. DICKINSON

2 responsibilities.

3 Q. Okay.

4 So were you surprised when they
5 reached out to you?

6 A. I was -- yes, I was surprised by
7 the phone call.

8 Q. Okay.

9 And had you had any interaction
10 with Mr. Ullmann prior to that?

11 A. Yes. I've known Mike.

12 Q. Okay.

13 How long have you known him?

14 A. Multiple years, probably 12 or so
15 years, just --

16 (Simultaneous speaking.)

17 Q. Okay.

18 A. -- dealing with business

19 development.

20 Q. Okay.

21 So in your day-to-day role at
22 Medical Devices, there were occasions where
23 you interacted directly with Mr. Ullmann?

24 A. There were.

25 Q. Okay.

29 :1 R. DICKINSON

2 And, again, could you just -- I
3 have a feeling I -- I could guess, but can you
4 tell me: Why was that?

5 Did you have legal -- legal
6 questions?

7 Or why did you have interaction
8 directly with Mr. Ullmann?

9 MS. BROWN: And, Rich, let me just
10 jump in.

11 Certainly you can answer that
12 question in terms of the subject of your
13 interactions with Mr. Ullmann, but I'll

14 caution you not to reveal --

15 THE WITNESS: Yes.

16 MS. BROWN: -- any specific
17 conversations in which you may have been
18 requesting legal advice or Mr. Ullmann
19 may have been providing it.

20 With that, you can answer.

21 THE WITNESS: They were, in
22 general, questions as it related to the
23 business development projects I was
24 working on.

25 MR. JONAS: Okay.

30 :1 R. DICKINSON

2 Q. (BY MR. JONAS) And was he -- were
3 there other lawyers that you had more --
4 inside J&J that you had more day-to-day
5 contact than Mr. Ullmann, or was he the one
6 you would go to with questions, et cetera?

7 A. There were multiple lawyers,
8 depending on who was on the project.

9 Q. Okay.

10 How about Mr. Haas?

11 Had you ever had any interaction
12 prior to him or them reaching out to you on
13 September 28th, with Mr. Haas?

14 A. Yes.

15 Q. And what was the nature of those
16 interactions?

17 A. Business development dealings.

18 Q. Do you know what Mr. Haas's title
19 or role was?

20 A. I don't specifically know his role,
21 title, but chief litigation -- liti- -- I know
22 he's in litigation.

23 Q. That's why I --

24 (Simultaneous speaking.)

25 A. -- (inaudible) --

31 :1 R. DICKINSON

2 Q. Yeah. That's why I'm asking.

3 When you had interactions with
4 Mr. Haas prior to September 8th (sic), was it
5 in connection with litigation?

6 A. It had to deal with the projects
7 that I was dealing with.

8 Q. Okay.

9 But, more specifically, were the --
10 those projects you were dealing with, were
11 there litigation issues that required you to
12 reach out to Mr. Haas?

13 A. Likely, but I can't recall
14 exactly --

15 (Simultaneous speaking.)

16 Q. Okay.

17 A. -- every conversation or dealings
18 with him.

19 Q. Okay.

20 And -- and I'm sure you -- you know
21 this is coming, but we're going to, perhaps a
22 little painfully -- but it's important to me,
23 so we're going to go through this
24 step-by-step.

25 So --

32 :1 R. DICKINSON

2 (Simultaneous speaking.)

3 A. Sure.

4 Q. Great.
5 So September 28th, you get an
6 invite, I guess, or a call to a Zoom meeting.
7 Did they tell you -- and -- and,
8 again, was that a call or just an email showed
9 up inviting you to the Zoom meeting?

10 A. It was an email from Mike, I
11 believe, in the morning that just said, "Hey,
12 can we talk later today?"

13 Q. Okay.
14 And then do you recall what time it
15 was that you had the Zoom call?

16 A. It was roughly 4:00 o'clock,
17 sometime in the afternoon.

18 Q. Okay.
19 And, if you could, describe for me
20 that tele- -- that Zoom call.

21 A. Yes.
22 Well, first off, I just want to
23 clarify one thing: I was surprised by the
24 call with regard to the -- you know, I had no,
25 you know, pre-information or preexisting

33 :1 R. DICKINSON
2 information with regard to the contemplated,
3 you know, plans for either restructuring or,
4 you know, eventually LTL.

5 I was not surprised, once I had
6 learned of that -- of an offer position or the
7 potential of a CFO.

8 It was in general terms with regard
9 to, "Hey, well, J&J, right, was, you know,
10 contemplating financial distress, you know,
11 that J&JCI, you know, potentially, were -- was
12 under, and introduction on the CFO role.

13 It was -- and most importantly it
14 was, "Hey, you know, how's the CFO position?"
15 Right?

16 "You'll have -- not all the
17 decisions are going to be made -- are made.
18 You guys have, you know, full control over
19 LTL."

20 And, you know, that was it.

21 Q. And you -- you used the words
22 "LTL." So in that call they were already
23 using the -- the name LTL?

24 A. I don't recall if they were using
25 the words "LTL," but, you know, a new entity,

34 :1 R. DICKINSON
2 new entity structure.

3 Q. Okay.
4 And what did they tell you about
5 the new --

6 MR. JONAS: Strike that.

7 Q. (BY MR. JONAS) You said that -- I
8 think you -- you specifically said "financial
9 distress of JJCI."

10 Did I -- is that correct?

11 A. Correct.

12 Q. And how did they describe the
13 financial distress of JJCI to you?

21 My understanding from the facts
22 that were related to me was that, you
23 know, over the last five or so years
24 Johnson & Johnson Consumer had spent
25 roughly, you know, a billion dollars in
35 :1 R. DICKINSON
2 defense of litigation, talc-related
3 claims, an additional roughly three and
4 a half billion with regard to
5 settlements and verdicts.
6 And that was primarily the -- the
7 discussion, along with the number of
8 cases, you know, that, you know, we were
9 litigating over the last five years; and
10 how many cases, you know, out of, you
11 know, millions that that was -- or
12 thousands that that was, kind of,
13 representative of.

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35 :15 Can we get a read-back of the
16 question -- or the answer, please?
17 Just a read-back of the answer.
18 Thank you.

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40 :12 Q. (BY MR. JONAS) And what did they
13 tell you about that new entity?
14 A. What was told to me was, this is --
15 the facts that were told to me is that Johnson
16 & Johnson Consumer was under financial
17 distress, you know, based on the billion
18 dollars in -- in costs over the last five
19 years, the verdicts and settlements, and by
20 what was potentially contemplated, which was
21 to be voted on by the new entity's board, that
22 the resolution -- the intention or the
23 contemplation is a complete resolution of the
24 talc-related litigation.

25 Q. Okay.
41 :1 R. DICKINSON
2 And how did you -- more
3 practically, how did you understand, just
4 setting up a new entity that you were going to
5 be CFO of -- how was that going to resolve the
6 talc liabilities?
7 A. My understanding was that through
8 the Bankruptcy Court, and that was -- there
9 was no other alternatives, based on the facts
10 that I went through, is that there was going
11 to be potentially a fair resolution for
12 current and future claimants.

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42 :5 And how -- how did you understand
6 that was going to resolve the talc liability?
7 How was that going to happen?
8 A. My understanding, through the

9 process that was contemplated and the
10 decisions of the LTL board through the
11 Bankruptcy Court, that there would be a
12 complete resolution of talc-related
13 litigation --

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44 :22 The facts, as I understood them,
23 was that there was a -- what was
24 contemplated was a restructuring that
25 initially would result into a new
45 :1 R. DICKINSON
2 entity, which turned out to be LTL.
3 And that was -- that -- those were
4 the facts; and that the liability for
5 talc-related claims would go from Old
6 JJCI to LTL.
7 Those are the facts as I understand
8 it.
9 But there also would be a funding
10 agreement in place, et cetera, that
11 once -- once, you know, LTL and the
12 bankruptcy was formed, then that was,
13 you know, fully in place.

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48 :9 Q. Did you have an understanding after
10 that first Zoom call that a bankruptcy of the
11 new entity would be fundamental to a
12 resolution of the talc claims?
13 A. It was -- it was contemplated.
14 But over a period of time, either
15 through reviewing of documents, my own
16 questions, my own professional experience,
17 that's how I came to the conclusion that
18 bankruptcy was the best -- (noise
19 interruption) -- sorry about that -- the best
20 alternative path.

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49 :24 Did you -- did they tell you how
25 long the planning had been in -- in the works
50 :1 R. DICKINSON
2 for this resolution of talc liabilities?
3 A. They did not.
4 Q. Okay.
5 Did they --
6 (Simultaneous speaking.)
7 A. But I --
8 Q. -- tell you -- I'm sorry. Go
9 ahead.
10 A. No. Go ahead.
11 Q. Did they tell you who else was

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61 :10 What happened next?
11 A. Over the next week or two it was a
12 fair amount of discussions, reviewing of the
13 informational brief, or drafts of it, the
14 first-day pleadings, and discussions, whether
15 they occurred in -- via official calendar,
16 Outlooks, or either phone calls or
17 discussions.

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70 :3 And were there other financial
4 materials or -- or other materials or
5 documents that you recalled reviewing in the
6 lead-up to LTL filing bankruptcy?
7 A. You know, once again, the first-day
8 declarations. Primarily, you know, it was,
9 kind of, the funding agreement, you know,
10 generally aware of; and, you know, of course,
11 the RAM projections.

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72 :14 Q. Okay.
15 So up until the time of the filing,
16 since you spent a lot of time getting up to
17 speed, what was your understanding of how the
18 talc liabilities would be resolved in, I think
19 you said, a fair manner for talc claimants?
20 How was that going to happen?

21 A. My understanding is that once we
22 filed for bankruptcy -- and that was a
23 board -- board decision -- that the cases
24 automatically get -- get stayed, and
25 ultimately there would be a trust set up by

73 :1 R. DICKINSON
2 the court.

3 And through a -- you know, that
4 trust distribution process, you know, all
5 legitimate claims, based on some criteria,
6 would go through that process to -- for
7 resolution -- a complete resolution of current
8 and future --
9 (Simultaneous speaking.)

10 Q. Okay.

11 A. -- claims.

12 Q. Was -- was it your understanding
13 that, from the point of the bankruptcy
14 forward, JJCI and J&J, the parent -- or people
15 call it the apex company -- that those --
16 those entities would be protected from talc
17 liability?

18 MS. BROWN: I object. Vague.

19 You can answer if you understand,

20 Mr. Dickinson.

21 THE WITNESS: My understanding is
22 that the responsibility of talc-related
23 claims was LTL's responsibility, through
24 a funding agreement up to the value of
25 JJCI prior to a restructuring; that that

74 :1 R. DICKINSON

2 funding agreement, which is a co-funding

3 agreement between JJ- -- J&J and JCI,
4 you know, would stand behind, you know,
5 whatever talc-related, you know,
6 settlement, you know, was decided upon
7 by the court from LTL.
8 That's my understanding.

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75 :10 Q. (BY MR. JONAS) No. No. Well, I
11 understand that.
12 But -- but you've said a few times
13 that J&J and J&J -- JJCI would be responsible
14 up to the value of JJCI at the time of the
15 bankruptcy filing.
16 Is that -- have I got that right?
17 Is that what you said?
18 A. That's what I can speak to, yes.
19 Q. Okay.
20 So what was the value?
21 What -- what is that value, the
22 value of JJCI at the time of the filing?
23 A. I know that J& -- JJCI is a
24 multibillion dollar company. I don't have
25 that value, nor was I involved in that

76 :1 R. DICKINSON
2 determination of value.
3 Q. So let me -- let me see if I -- let
4 me just make sure I understand this.
5 As the CFO of this new entity, you
6 said that the new entity, LTL, would be
7 responsible for all the talc liability.
8 Right?
9 A. That is correct.
10 Q. Okay.
11 But the -- the funding of those
12 liabilities would be by JJ -- J&J and JJCI, up
13 to the value of JJCI, right?
14 A. That was my understanding, yes.
15 Q. Okay.
16 But you didn't know the value of
17 JJCI?
18 A. I do not.
19 Q. As the -- as a CFO of a company
20 that's taking on liabilities, I guess you
21 didn't think it was important to know what
22 the -- the counterparties to the funding
23 agreement would have to pay?
24 MS. BROWN: I object. Misstates
25 testimony.

77 :1 R. DICKINSON
2 THE WITNESS: Yes, I didn't say
3 that.
4 In the -- in the funding agreement
5 there is a provision, and at some point
6 in time when that value is needed to be
7 known, that there's a mechanism to
8 determine that value.
9 Q. (BY MR. JONAS) And you -- you
10 didn't ask any -- you didn't say, "Hey, what
11 is that value?"
12 A. I know J&JCI to be a multibillion
13 dollar company, and I know there was a
14 provision to determine that value at -- at an

15 appropriate time.

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78 :9 Q. (BY MR. JONAS) So let me ask you,
10 then: What was -- what -- at the time of the
11 bankruptcy filing, what was your understanding
12 of the liabilities of LTL?

13 A. The liabilities of LTL is the
14 costs, any appropriate costs with regard to
15 the litigation and, you know, any potential
16 settlement that comes from the bankruptcy
17 filing.

18 Q. Okay.
19 And it had no other liability?

20 A. You would have to refer to the --
21 the -- you know, that's a better question
22 asked of the Legal team than me.

23 But my general understanding is
24 expenses and the settlement.

25 Q. Okay.

79 :1 R. DICKINSON

2 You -- you think asking about a
3 company's liabilities, the question is better
4 made to lawyers than the chief financial
5 officer of that company?

6 Is that what you're saying?

7 A. I do. It's -- it's -- it's
8 speculation and, I mean, my general
9 understanding -- I'm not a lawyer, I'm not a
10 legal expert -- I know that it's legitimate
11 expenses with regard to talc litigation and,
12 you know, any potential future settlement
13 decided by the court.

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80 :13 Q. (BY MR. JONAS) At the time of the
14 LTL filing for bankruptcy, what was your
15 understanding of the assets of LTL?

16 A. The assets of LTL, of course, are
17 the 2 billion, call it prepayment or the
18 qualified settling -- I think it's called QSF,
19 and the RAM assets that were allocated to the
20 business.

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81 :5 Do you recall if there were any
6 other assets at the time of the filing?

7 A. \$6 million in cash.

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83 :12 Q. Okay.

13 And when did you first learn about
14 the \$2 billion QSF?

15 A. I think within -- you know, within
16 the first, you know, several days.

17 Q. Okay.
18 And was -- was that something that
19 you -- you negotiated, that you were involved
20 in negotiating?

21 A. I -- I was not.

22 Q. Okay.

23 And when you became CFO, did you
24 say, "Gee, I'd like more than 2 billion. I'm
25 CFO of this company. I'd like more than

84 :1 R. DICKINSON
2 \$2 billion"?

3 Did you --
4 (Simultaneous speaking.)

5 A. I --

6 Q. -- ever do that?

7 A. I did not.

8 Q. Okay.

9 Why not?

10 A. It's -- I don't know if 2 billion
11 is -- that's the right figure or not the right
12 figure.

13 We'll go through the process. The
14 settlement fund or the QSF fund is -- as my
15 understanding, is up to the value of JJCI, and
16 I believed that the two billion is a sign of
17 good faith and a down payment.

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86 :12 And what about in your role -- what
13 are your -- what are your responsibilities or
14 your duties in your role as a director or a
15 manager -- a manager on the board of managers?

16 A. Is to ensure the decisions we're
17 making and whatever decisions we'll make in
18 the future are, you know, supporting our
19 purpose.

20 Q. Which is what?

21 A. Fair and equitable resolution of
22 talc-related litigation.

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88 :12 Q. (BY MR. JONAS) Do you have any
13 experience with bankruptcy?

14 A. I do not.

15 Q. Okay.

16 You've never been involved with a
17 company that was in bankruptcy?

18 A. I was not.

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89 :19 Q. Okay.
20 And did you -- do you know who
21 negotiated the funding agreement?

22 A. I do not.

23 Q. You weren't involved in that?

24 A. I was not.

25 Q. Okay.

90 :1 R. DICKINSON

2 Do you know if it was negotiated at
3 all?

4 A. I do not.

5 Q. Have you had any -- did you ever
6 ask anybody, like, "Hey, this is a critical
7 document for us. Who negotiated this?"

8 A. I've read the funding agreement and
9 it looks reasonable and it looks sufficient
10 and appropriate to achieve our stated purpose.

11 Q. And -- and what analysis did you do
12 to reach that conclusion?

13 A. The funding agreement is an
14 unconditional funding agreement, and I
15 understand that there will be professional
16 fees and a potential settlement, and at some
17 point in time that value can be determined.

18 Q. Okay.

19 I guess, just to cut to the chase,
20 Mr. Dickinson, I'm trying to figure out what
21 would happen if the claims exceeded the value
22 of JJCI.

23 How would those be resolved?

24 MS. BROWN: I object. It calls for
25 speculation and lacks foundation.

91 :1 R. DICKINSON

2 THE WITNESS: Yeah.

3 Listen, it's speculating. I know
4 that Johnson & Johnson Consumer is a
5 multibillion dollar corporation. We
6 have an unconditional funding agreement,
7 and -- up to that value, and I believe
8 that we'll be able to satisfy our
9 obligations.

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91 :21 You -- you answered the last
22 question and you said you were satisfied that
23 the funding agreement, et cetera, was
24 sufficient for LTL to be -- to -- to be able
25 to meet its obligations, I think you said.

92 :1 R. DICKINSON

2 And so now I'm focusing on the
3 obligations side, the liabilities side, of the
4 LTL balance sheet, if you will, and I just
5 want to know what your understanding of the
6 total -- the aggregate total of those -- of
7 that amount was.

8 A. I can only answer to my
9 understanding.

10 My understanding is that we spent
11 roughly a billion dollars over the last five
12 years with litigation costs, and three and a
13 half billion in either settlements and
14 verdicts.

15 From a future standpoint, you know,
16 I didn't have a -- I don't have a projection
17 with regard to what those expenses and
18 settlements or verdicts would be, but there is
19 no reason to believe that, you know, those
20 won't continue in the future.

21 Q. Yeah. Okay. And I accept that --
22 I'm sure they'll continue in the future.

23 But how -- how did you reach a

24 conclusion that the arrangements you had in
25 place under the funding agreement were
93 :1 R. DICKINSON
2 satisfactory from -- from, if you will, an
3 asset side of the balance sheet, when you
4 didn't know or even have any understanding of
5 what the total liabilities were -- the talc
6 liabilities were?

7 MS. BROWN: Objection. Misstates
8 testimony.

9 THE WITNESS: Yes.

10 I understood from our funding
11 agreement and the wild and unpredictable
12 claims in the past, the -- and the
13 expenses, that going forward through the
14 bankruptcy system, that -- and assuming
15 that -- not assuming -- knowing that
16 JJCI is a multibillion dollar company,
17 that, you know, within that amount, that
18 it would be appropriate.

19 But I can't speculate whether, you
20 know -- what that amount would be in the
21 future.

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94 :14 With regard to, you know, the
15 potential future costs, my understanding
16 is that it's a multibillion dollar
17 company and through the funding
18 agreement, that we'll reach, you know --
19 that we'll be able to satisfy our
20 obligations.

21 MR. JONAS: Okay.

22 Q. (BY MR. JONAS) Did anybody give
23 you any sort of materials or analysis relating
24 to -- relating to projections of future talc
25 liability?

95 :1 R. DICKINSON

2 A. No.

3 Q. Okay.

4 And you didn't ask for anything
5 like that?

6 A. I -- I asked, I believe, "Hey, was
7 there any way to predict future talc
8 liability?"

9 And the answer is, "No."

10 But once again, I understood from
11 the wild and unpredictable verdicts that were
12 first asked, and continue to ask, and awarded
13 that there was no reason to believe that
14 wouldn't continue.

15 Q. Did you ask anybody approximately
16 how much J- -- either JJCI or J&J were paying
17 on -- an account of certain claims?

18 For example, on an ovarian cancer
19 claim, when they settled those, how much they
20 paid?

21 A. I did not.

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101 :13 And what's your role with RAM?
14 A. I'm the chief financial officer,
15 chief -- or the treasurer.
16 Q. Okay.
17 A. They're one and the same.
18 Q. Okay.
19 And RAM -- at the time of the LTL
20 filing, RAM had, I think it's four royalty
21 streams.
22 Is that right?
23 A. That is correct.
24 Q. Okay.
25 And were you involved in the
102 :1 R. DICKINSON
2 negotiation of those royalty arrangements,
3 those stream arrangements?
4 A. I was not.
5 Q. Okay.
6 And were those just presented to
7 you as that's what's going into RAM?
8 Or how did that come to be?
9 A. I was informed that, you know, that
10 was an asset that was allocated to the RAM
11 business from JJCI.

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103 :17 Q. And so RAM executed agreements that
18 would provide it with a royalty stream.
19 Is that fair?
20 A. RAM and -- and whoever had those
21 royalty streams within JJCI, yes.
22 Q. Okay. Okay.
23 And do you know who the -- on those
24 four royalty agreements, do you know who the
25 counterparties are, specifically?
104 :1 R. DICKINSON
2 A. I do.
3 Q. Okay.
4 And who are they?
5 THE WITNESS: Alli, am I safe to --
6 to divulge who those royalty streams are
7 with?
8 MS. BROWN: In terms of the -- the
9 RAM, Rich?
10 THE WITNESS: Yes.
11 MS. BROWN: That's fine. Sure.
12 Thank you.
13 THE WITNESS: Yeah.
14 So the products are Lactaid,
15 Rogaine, Tena and Mylanta, Mylicon.

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107 :20 And as -- as CFO of RAM, did you
21 negotiate the loan agreement with J&J?
22 A. I did not.
23 Q. Okay.
24 Who at RAM negotiated the loan
25 agreement with J&J?
108 :1 R. DICKINSON
2 A. That was prior to the establishment

3 of RAM, with regard to the agreement.
4 I understand the agreement. I just
5 don't -- and it's appropriate and reasonable.
6 I wasn't part of the negotiation up front, or
7 the establishment of it.

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113 :17 Can you tell me if you're annualize
18 salary as -- in the offer you ultimately
19 signed was more or less than your salary
20 immediately prior to accepting this position?
21 A. It was roughly the same.

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116 :23 Q. (BY MR. JONAS) Prior to accepting
24 this role, in your prior role did you have a
25 bonus target?
117 :1 R. DICKINSON
2 A. Yes.
3 Q. Okay.
4 And is the -- the amount of this
5 bonus target substantially similar to the
6 prior one?
7 A. Correct.
8 Q. Okay.
9 And then there is also here -- the
10 next blackout is "...long-term incentive
11 target is..." percentage of "base salary."
12 Do you have a long-term incentive
13 target bonus in your -- in your immediately
14 prior role?
15 A. Yes.
16 Q. And is this substantially about the
17 same?
18 A. Yes.

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117 :20 And then there's -- the next
21 blackout refers to: "In addition...you will
22 be eligible for a retention bonus in the" ...
23 "gross amount of" -- blank.
24 Do you have a retention bonus like
25 this -- did you have a retention bonus like
118 :1 R. DICKINSON
2 this in connection with your prior role at
3 J&J?
4 A. I did not.
5 Q. Okay.
6 So this is -- this is a new form of
7 compensation for you?
8 A. That is correct.

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146 :7 Q. (BY MR. JONAS) And since you
8 assumed your role at LTL, have you authorized

9 the retention of any firm to value potential
10 legacy talc liabilities?
11 A. I -- I have not.

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147 :5 Q. (BY MR. JONAS) So looking at
6 Exhibit 21, Mr. Dickinson, are you aware that
7 LTL has retained Bates White to value
8 potential legacy talc liabilities?
9 MS. BROWN: I object. Lacks
10 foundation. Calls for speculation.
11 THE WITNESS: No.

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149 :18 You said that, in connection with
19 existing talc liability, you were aware of the
20 billion dollar in costs --
21 (Simultaneous speaking.)
22 A. Yes.
23 Q. -- correct?
24 You were aware of, I think you
25 said, something akin to three and a half-odd
150 :1 R. DICKINSON
2 million (sic) dollars in settlements,
3 verdicts, judgments that --
4 (Simultaneous speaking.)
5 A. Three and --
6 Q. -- were made, correct?
7 A. Three and a half billion, yes.

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150 :11 I'm just wondering: Beyond that,
12 on a financial basis, did you have any further
13 knowledge about talc liabilities -- J&J talc
14 liabilities?
15 A. As I -- as I testified earlier with
16 regard to my own general knowledge of -- as,
17 you know, a curious stockholder, and
18 knowing -- reading the annual report, I knew
19 generally what the costs and expenses were
20 from those -- from that report.
21 But other than that, no.
22 Q. Okay.
23 So this type of -- what we're
24 looking at here in terms of these detailed
25 gross product liability balances for the
151 :1 R. DICKINSON
2 balance from 2020, and then through 2021,
3 relating to talc, this kind of detailed
4 information you were not provided with prior
5 to LTL filing bankruptcy.
6 A. That is correct.
7 Q. Okay.
8 Thank you.
9 MR. JONAS: Skip that.
10 So now let's go to what's
11 previously been marked as Exhibit 23.
12 (Exhibit No. 23 Previously Marked.)

13 Q. (BY MR. JONAS) And Exhibit 23, at
14 the top you'll see it says, "Minutes of Board
15 of Managers, LTL Management, LLC," and it
16 refers to the board meeting on October 14,
17 2021.

18 Do you see that?

19 A. I do.

20 Q. And -- and I -- we're happy to give
21 you control of this, but I'm guessing you're
22 pretty familiar with this.

23 But let me ask: Have you seen
24 these minutes before?

25 A. I have.

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155 :22 I think you've said that one of the
23 purposes of the bankruptcy, or LTL, was to
24 treat talc claimants fairly.

25 Have I got that right?

156 :1 R. DICKINSON

2 A. I -- I believe what I said is fair
3 and equitable resolution to the talc-related
4 liabilities litigation.

5 Q. And what -- what was it about
6 bankruptcy that made you conclude that that
7 would help effect a -- a fair and equitable
8 resolution of talc liability litigation?

9 A. My understanding of that is a few
10 things -- was a few things.

11 One is that old JJCI was on under
12 financial distress due to the wild and
13 unpredictable settlements and claims; two, the
14 costs to defend; and as far as claimants,
15 there was uncertainty, there was delays, and
16 the same wild and unpredictable verdicts for a
17 select few versus any legitimate claims.

18 And bankruptcy allowed for a
19 complete global resolution of those claims.
20 And the benefit to LTL was, of course, a
21 complete global resolution.

22 And the benefit to claimants would
23 be to eliminate that delay on -- in
24 uncertainty, and it would make available a
25 streamlined process through a trust

157 :1 R. DICKINSON

2 distribution process.

3 That was -- that was generally my
4 understanding.

5 And, secondly, my understanding is
6 that any alternatives to that was not a
7 feasible alternative.

8 Q. And it was not feasible why?

9 As to your understanding, why was
10 it not feasible?

11 A. My understanding as to why is that,
12 from an insurance -- and I'm not an expert.
13 You'll have to ask a legal person, you know,
14 the specifics.

15 But -- it's not feasible from --
16 if -- repeat the question, just to make sure
17 I'm...

18 Q. Sure.

19 You -- you said that -- I think you

20 said -- or something like alternatives to
21 bankruptcy were not feasible, and I just want
22 to understand why you say alternatives were
23 not feasible.

24 A. Yeah.

25 So, the alternative is stay as you

158 :1 R. DICKINSON

2 go, right, stay the course.

3 Out of approximately 40,000 cases,
4 we've tried, I think the O-N was -- number was
5 40 cases, right?

6 So I had asked the question: Was
7 there any ability for us to manage more than a
8 handful?

9 You know, I think the answer came
10 back as we could legitimately handle 10 a
11 year, right?

12 Two is that the system today only
13 accounts for current claims, not future
14 claims.

15 Insurance pathways weren't going to
16 work and -- you know.

17 So from that understanding -- and
18 that was a pretty big understanding -- is that
19 bankruptcy was the only option.

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158 :25 Q. (BY MR. JONAS) (Continuing) -- the

159 :1 R. DICKINSON

2 sole motivation for LTL to file bankruptcy was
3 to benefit claimants?

4 A. I -- I said the -- I did not say
5 "the sole reason."

6 I said the reason for bankruptcy
7 was a global resolution for all parties as it
8 relates to LTL and claimants.

9 Q. And what -- what did you understand
10 the benefits to either LTL, JJCI or J&J to be
11 in filing bankruptcy?

12 A. Pure and simple: Global resolution
13 of, you know, all current and future claims,
14 you know.

15 Q. Okay.

16 A. And, you know -- and an avoidance
17 of, you know, spending 80- -- you know, an
18 additional 80-something years litigating this
19 for claimants, you know, eliminate the delays
20 of uncertain -- of litigation, the
21 uncertainty, and they would be able to follow
22 a streamlined process.

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172 :19 Q. (BY MR. JONAS) Bankruptcy of LTL

20 was one resolution strategy, correct,

21 Mr. Dickinson?

22 A. Yes.

23 I would push back on "strategy" and
24 just -- it was an alternative.

25 Q. Okay.

173 :1 R. DICKINSON

2 A. One alternative.

3 Q. And I just -- I don't want to
4 belabor it, but I just want to make sure I
5 understand what your understanding was at the
6 time of the other alternatives, if there were
7 more than one, or what the other alternatives
8 were.

9 A. I think I -- I mentioned earlier --
10 and I'm pretty sure I did mention earlier --
11 was stay the course, which was untenable with
12 regard to, you know, approximately
13 40,000 cases, hearing in totality around
14 40 cases over the last four years; the wild
15 and unpredictable settlements.

16 Insurance options, you know,
17 weren't feasible through Imerys. That option
18 wasn't feasible.

19 And, you know, even staying the
20 course -- I'll go back to that -- it didn't
21 have any resolution with regard to future
22 claimants, other than litigating this for the
23 next, you know, 80 or some-odd years, due to
24 the latency period of the disease.

25 So my understanding of -- that was

174 :1 R. DICKINSON

2 my general understanding of the options.

3 And the bankruptcy option or
4 alternative was the only one, in my mind and,
5 I believe, the board's mind that, you know,
6 was feasible.

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176 :17 Q. And so had you done your own
18 valuation of JJCI?

19 A. I did not.

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176 :22 So how -- how have you arrived at
23 that \$60 billion -- your understanding of a
24 \$60 billion valuation?

25 A. How?

177 :1 R. DICKINSON

2 Just over a period of time and
3 knowing, you know, financials.

4 But, once again, it wasn't, you
5 know -- it wasn't exact knowledge or any
6 calculation I have ever done.

7 Q. Okay.

8 But would you agree with me that --
9 that one -- that a critical part of the
10 funding agreement is that J&J and JJCI will
11 provide funding up to the value of JJCI?

12 A. That is correct. Prior to the
13 restructuring, is my understanding.

14 Q. Okay.

15 And as far as you know, up through
16 the time that LTL filed bankruptcy, in -- in
17 all your meetings with Mr. Kim and Mr. Deyo
18 and Mr. Wuesthoff and other Jones Day people
19 and, et cetera, that -- did that ever come up

20 at all?

21 A. We never discussed it, or at least,
22 you know, in my presence.

23 Q. Okay.

24 Okay.

25 A. I know that there was an

178 :1 R. DICKINSON

2 appropriate period of time that we may have to
3 calculate that value, and that will -- you
4 know, that will be an appropriate period of
5 time.

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181 :22 Q. (BY MR. JONAS) One of your
23 responsibilities as CFO was to prepare and
24 sign the schedules of assets and liabilities
25 for LTL correct?

182 :1 R. DICKINSON

2 A. Correct.

3 Q. Okay.

4 And I have just a few questions for
5 you, particularly --

6 UNIDENTIFIED SPEAKER 1: And this
7 is a lot earlier.

8 MR. JONAS: I'm sorry?

9 UNIDENTIFIED SPEAKER 2: I think
10 someone is not on mute.

11 MR. JONAS: Okay.

12 If folks not speaking could mute,
13 please.

14 Thank you.

15 Q. (BY MR. JONAS) So just to
16 orientate you, I'll just let you know this was
17 something that was filed -- you signed, and
18 that was filed on December 6th, 2021.

19 And as you've already said, this is
20 something you're responsible for.

21 Just a few questions before we turn
22 to the document.

23 Are you familiar with the Ingham,
24 I-n-g-h-a-m, talc liability case in which J&J
25 and related parties were defendants?

183 :1 R. DICKINSON

2 Have you heard that?

3 A. Yes.

4 Q. Okay.

5 And what's your understanding of
6 the Ingham case?

7 A. Generally -- general understanding
8 is that the Ingham case -- 22 plaintiffs,
9 St. Louis, Missouri, and the initial verdict
10 was, I believe, 4.7 billion, and 550 million
11 compensatory.

12 That was subsequently reduced by
13 the Supreme -- Missouri Supreme Court, and
14 ultimately -- neither by the U.S. Supreme
15 Court.

16 Outside of that, you would have to
17 refer to someone else for -- for the
18 specifics. But that's my general
19 understanding.

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189 :16 So -- well, tell me -- you
17 mentioned it: Why did it go from -- to use
18 your words, why did it go from Texas to North
19 Carolina?
20 A. I don't know that.
21 Q. You -- were you aware of it when it
22 happened?
23 A. I was aware of it when it happened.
24 I don't know why it happened.
25 Q. And you didn't ask anybody?
190 :1 R. DICKINSON
2 A. I didn't ask anybody. I just know
3 that -- I just know that it was an appropriate
4 jurisdiction.
5 Q. How did you know that?
6 A. That was relayed to me.
7 Q. Who relayed that to you?
8 A. I can't recall.

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196 :25 MR. JONAS: Then let's look at the
197 :1 R. DICKINSON
2 next exhibit, which will be 1.24.
3 (Exhibit No. 1.24 Previously
4 Marked.)

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197 :8 Q. (BY MR. JONAS) This is a "Plan of
9 Divisional Merger," dated October 12th.
10 And -- and I'll just represent to
11 you -- and I'll be happy to have you take a
12 look at it -- this is the document by which
13 Chenango Zero, LLC, basically split into
14 Chenango One, LLC, and Chenango Two, LLC.
15 And I just -- have you seen this
16 document before?
17 A. I believe I have, yes.

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198 :12 Q. (BY MR. JONAS) You'll see, if you
13 were to scroll through this, this document --
14 and then we're going to take a look at another
15 document in a minute, the schedules -- provide
16 all the detail for the split of Chenango Zero
17 into Chenango One and Chenango Two, both
18 liabilities, assets, et cetera.
19 I'm just curious whether you were
20 involved in any of the decision-making
21 relating to this particular plan of divisional
22 merger?
23 A. I was not.
24 Q. Okay.
25 So this was something that, again,

199 :1 R. DICKINSON
2 you might have reviewed, but it was presented
3 to you as -- as -- I mean, you didn't have an
4 opportunity to provide any input.
5 A. I -- I was not part of it.
6 Q. Okay.
7 And so I take it you don't know why
8 certain assets or certain liabilities went
9 either to Chenango One or to Chenango Two.
10 A. That is correct.

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199 :18 Q. (BY MR. JONAS) Just one question
19 on the document we looked at before, that is,
20 the split of Chenango Zero.
21 Do you know who was involved in the
22 details relating to that, that divisional
23 merger?
24 A. I do not.

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200 :3 Well, let's look at Exhibit 1.31.
4 This is a "Divisional Merger
5 Support Agreement" between Chenango One, the
6 entity at which you're on the board, and
7 Chenango Two.
8 Have you seen this before?
9 A. I have.
10 Q. And I take it, it was in the
11 lead-up period?
12 A. Correct.
13 Q. Okay.
14 And were you involved in the -- the
15 details relating to this agreement?
16 A. I was not.
17 Q. Okay.
18 So I take it you weren't involved
19 in any of the negotiation of this agreement?
20 A. I was not involved.
21 Q. Okay.
22 Do you know who negotiated this
23 agreement between Chenango One, the entity at
24 which you're a board member, and Chenango Two?
25 A. I do not.

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201 :17 Q. (BY MR. JONAS) This document,
18 Exhibit 1.32, is titled "Services Agreement."
19 It's between, as you'll see, Johnson & Johnson
20 Services, Inc., and Chenango One, LLC.
21 And, again, I'll just represent to
22 you it's a docu- -- an agreement whereby
23 Johnson & Johnson provides certain services to
24 Chenango One.
25 Have -- I take it you've seen this
202 :1 R. DICKINSON
2 during the lead-up period?

3 A. Yes.

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202 :17 Q. (BY MR. JONAS) So I take it --
18 were -- were you involved in any of the
19 details of putting together the Services
20 Agreement?
21 A. I was not.
22 Q. And I take it you were not involved
23 in any of the negotiations relating to the
24 Services Agreement.
25 A. I was not.
203 :1 R. DICKINSON
2 Q. Do you know who negotiated the
3 Services Agreement?
4 A. I do not.

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203 :6 MR. JONAS: And if we go to
7 Document 1.33. That's 1.33.
8 (Exhibit No. 1.33 Previously
9 Marked.)
10 Q. (BY MR. JONAS) Mr. Dickinson,
11 Document 1.33 -- Exhibit 1.33 is a
12 secondment -- I always say "secundment"
13 (phonetics), but I don't know what's
14 pronounced correctly.
15 So I'll say it's a secondment
16 agreement between Johnson & Johnson Services,
17 Inc., and Chenango One, LLC.
18 Did you see this in the lead-up
19 period?
20 A. Do you mind if you give me the
21 access again?
22 Q. Sure.

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204 :12 So now I'll ask you: Did you see
13 this document or a version of this document in
14 the lead-up period?
15 A. Yes.

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204 :17 And I take it you were not involved
18 in any of the details of this particular
19 document.
20 A. Correct.
21 Q. And I take it you were not involved
22 in the negotiation of this particular
23 document.
24 A. Correct.
25 Q. And I take it you don't know who
205 :1 R. DICKINSON
2 negotiated this document.

3 A. That is correct.

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207 :8 Q. (BY MR. JONAS) This lists the
9 documents we looked at -- or some of the
10 documents we looked at, what are referred to
11 here as the intercompany agreements, right?
12 A. Yes.
13 Q. And you're signing here was to sign
14 for approval as a board member of Chenango
15 One, for the company to go forward with those
16 agreements, right?
17 A. That is true.

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209 :7 Q. (BY MR. JONAS) And you'll see it
8 says, "Amended and Restated Funding
9 Agreement." And it was among Johnson &
10 Johnson, Johnson & Johnson Consumer, Inc., and
11 LTL Management LLC.
12 Is this the funding agreement that
13 you mentioned earlier whereby LTL can borrow
14 funds from J&J or JJCI?
15 A. I push back on your notion -- or
16 your wording of "borrow funds."
17 It can access funds for the
18 appropriate use of LTL's business and --
19 including the settlement.
20 Q. Okay.
21 MR. JONAS: Hold on one second.
22 Okay. Fair enough.
23 Q. (BY MR. JONAS) And -- and, again,
24 I don't want to go over all -- all the old
25 ground, but you -- you were not involved in
210 :1 R. DICKINSON
2 any detailed way in the preparation and
3 negotiation of this document.
4 A. I was not.
5 Q. And you don't know who was?
6 A. I do not.
7 Q. Okay.
8 And this -- this was presented --
9 and I don't mean to be pejorative, but it was
10 presented to you as kind of a done deal.
11 When you saw this it was completed
12 already, correct?
13 A. The funding agreement was
14 contemplated. I don't know exactly when it
15 went into effect. It was contemplated and it
16 looked completely reasonable to me, and
17 appropriate, to satisfy the business dealings
18 of LTL.

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211 :24 With respect to the amended and
25 restated merger support agreement, services
212 :1 R. DICKINSON
2 agreement, and services agreement -- let's

3 just start with those -- secondment agreement,
4 we have looked at a series of those relating
5 to Chenango One, and they were -- they were
6 not amended and restated. They were the
7 initial agreements.

8 They then were amended and restated
9 relating to LTL. And in each case, in the
10 initial agreements you said you had not been
11 involved in their preparation, their
12 negotiation. You didn't know who had prepared
13 those and negotiated those.

14 I just want to know, as to the
15 extent they were then amended and restated for
16 LTL, would your answers be the same?

17 A. Yes.

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214 :3 (Exhibit No. 1.66 Previously
4 Marked.)
5 Q. (BY MR. JONAS) So this is a
6 document referenced, "Purchase and Sale
7 Agreement," dated as of October 11th, 2021,
8 between McNeil Nutritionals, LLC, and Royalty
9 A&M LLC.

10 Again, we can give you control of
11 this.

12 And in the closing binders provided
13 to us, I think by Jones Day, there are, in
14 fact, four of these royalty-type agreements.
15 This is the first one.

16 And I just have a few questions
17 about these. We've talked about these briefly
18 before, but I want to make sure I've got the
19 right document.

20 So if you need to take a look at
21 it, I -- just for example, I want to show you
22 these and see if you're familiar with these
23 particular documents, and if you've seen them
24 before.

25 A. I am familiar with these documents.

215 :1 R. DICKINSON

2 Q. Okay.

3 And I'll represent to you each of
4 these was signed by Royalty -- by
5 Mr. Wuesthoff at the time, for Royalty A&M
6 LLC.

7 But were you involved in the
8 negotiation of these -- when I say "these,"
9 I'm referring to all -- all four of these,
10 these initial funding agreements -- royalty
11 agreements.

12 Were you involved in the
13 negotiation of these?

14 A. I was not.

15 Q. Do you know how the particular
16 prices that were to be paid by LTL -- how
17 those were arrived at?

18 A. I did not -- I do not.

DICKINSON, RICHARD - 01/26/2022

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218 :20 Q. Can you describe for me the -- the
21 RAM business?
22 And, again, I apologize, but as I
23 understand it you're buying these streams of
24 royalty payments.
25 Is that fair?
219 :1 R. DICKINSON
2 A. Yes. Royalty monetization is --
3 someone holds the intellectual property of --
4 Q. Uh-huh.
5 A. -- a product, and you call that the
6 ingredient.
7 Someone else markets a product that
8 uses that ingredient.
9 In exchange for that use of the
10 ingredient -- ingredient, which is the
11 intellectual property, you get anywhere from
12 four to eight percent royalty arrangement to
13 be paid over a period of time. That's
14 essentially what a royalty monetization
15 business is.

DICKINSON, RICHARD - 01/26/2022

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219 :23 Q. (BY MR. JONAS) RAM itself doesn't
24 have any ingredients that it --
25 (Simultaneous speaking.)
220 :1 R. DICKINSON
2 A. RAM does not hold the intellectual
3 property of the four current royalty streams
4 we have, mostly for administrative purposes.
5 It takes a long time to administer these
6 royalty arrangements.
7 We have the most important part,
8 which is the financials.
9 Q. Yeah.
10 When you say "the financials,"
11 so -- and, again, I apologize because this is
12 new to me.
13 But -- so RAM has bought the
14 royalty stream that -- that the ingredient
15 maker had with the -- the marketer.
16 Is that fair to say?
17 A. The -- it was allocated -- royalty
18 streams were allocated to RAM and RAM
19 receives, on a quarterly basis, approximately
20 \$14 million for the royalty streams.

DICKINSON, RICHARD - 01/26/2022

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230 :6 Q. And prior to your secondment to LTL
7 by Johnson & Johnson, you didn't have any role
8 in managing Johnson & Johnson's asbestos talc
9 litigation, did you?
10 A. I did not.
11 Q. And you didn't have any role in
12 valuing that litigation, right?
13 A. I did not.
14 Q. You didn't have any role in
15 evaluating the merits of any case, right?
16 A. I did not.
17 Q. And you didn't have any role in

18 resolving any talc litigation case, correct?
19 A. I did not.

DICKINSON, RICHARD - 01/26/2022

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232 :12 Q. (BY MR. KUTCHER) At the time that
13 you voted to authorize the filing of LTL's
14 bankruptcy, did you know by year how much
15 Johnson & Johnson Consumer, Inc., had spent in
16 legal fees related to the talc litigation?
17 A. I did not.
18 Q. Did you -- am I correct that you
19 also understood that Johnson & Johnson
20 Consumer, Inc., had spent approximately three
21 and a half billion dollars over the last five
22 years settling cases or paying verdicts?
23 Is that right?
24 A. Generally, I understood that, yes.
25 Q. And same question: At the time
233 :1 R. DICKINSON
2 that you voted to authorize LTL to file
3 bankruptcy, did you understand how much of
4 those expenses were paid each year during the
5 five years by Johnson & Johnson Consumer,
6 Inc.?
7 A. I did not.

DICKINSON, RICHARD - 01/26/2022

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236 :14 Q. Okay.
15 And did you have an understanding
16 of whether the amounts that Johnson & Johnson
17 had paid, either in settlements or verdicts,
18 were -- was -- had decreased between 2020 and
19 2021?
20 A. I -- I -- that is not my
21 understanding.
22 My understanding is that, you
23 know -- I had no reason to believe that
24 anything was decreasing.
25 Cases were increasing from 46 to
237 :1 R. DICKINSON
2 approximately 4- -- 5,000 in 2017. 2019, the
3 cases were over -- you know, nearly 10,000.
4 And 2021, the cases -- and I'm respectfully
5 calling them cases -- were 13- -- 13,000 at
6 the time -- at the time -- time of the
7 restructuring.
8 From a dollar standpoint, the wild
9 and unpredictable verdicts, a billion dollars
10 in expenses and, you know, well over
11 3 million (sic) with regards to settlements
12 and verdicts.
13 Q. Mr. Dickinson, with respect to
14 Johnson & Johnson Consumer, Inc., did you have
15 any understanding of whether it, at the time
16 of the restructuring, was able to meet its
17 financial obligations?
18 A. Repeat that. Repeat that question.
19 Q. Did you have any understanding, at
20 the time that -- of the restructuring that
21 Johnson & Johnson Consumer, Inc., was not able

22 to meet its financial obligations?

23 A. I don't have any -- I don't have
24 knowledge with regard to, you know -- it's
25 not -- not part of my job or not part of my,

238 :1 R. DICKINSON

2 you know, segment to understand what J&JCI
3 could do with regard to its financial
4 obligations.

5 It has a lot of financial
6 obligations.

DICKINSON, RICHARD - 01/26/2022

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244 :7 Q. You understand that the funding
8 agreement allowed -- or permits LTL to request
9 payment for certain funds from Johnson &
10 Johnson and Johnson & Johnson Consumer, Inc.,
11 correct?

12 A. That's my understanding, yes.

13 Q. And I think you testified earlier
14 that you understood those requests could go
15 all the way up to the value of JJCI
16 immediately prior to the restructuring.

17 Is that right?

18 A. That is my understanding, yes.

19 Q. And you also understand,
20 Mr. Dickinson, that LTL could access those
21 funds prior to going into bankruptcy or during
22 bankruptcy, correct?

23 A. Whenever the -- whatever it took
24 into -- whatever it was placed as an
25 executable agreement, that's when I know that

245 :1 R. DICKINSON

2 we could utilize those funds.

3 Q. So I guess my question is: On
4 October 14th of 2021, when you voted to put
5 LTL into bankruptcy, did you understand that
6 at that time, prior to bankruptcy, LTL had
7 access to the funds that were contemplated in
8 the funding agreement?

9 A. I understood that LTL had funds. I
10 wasn't think of the specific days. I just
11 know that in order to conduct our business, we
12 had access to those funds. I wasn't -- you
13 know, the days, you know, didn't come into
14 play.

15 Q. Right.

16 So LTL could access those funds
17 whether or not LTL was in bankruptcy, correct?

18 A. If you're going to show me -- if
19 you want to show me a document that you're
20 referring to, I'm happy to look at it.

21 But, once again, I understood that
22 the funding generally -- it's a better
23 question to ask a legal person. But I
24 understood that the funding agreement allowed
25 us to conduct our business.

DICKINSON, RICHARD - 01/26/2022

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248 :25 Q. Okay.

249 :1 R. DICKINSON

2 Let me -- let me ask you this: On
3 October 14th of 2021, did you understand what
4 assets LTL held?
5 A. Yes.
6 Q. Was one of those assets the funding
7 agreement?
8 A. On October 14th, I understood, yes,
9 the funding agreement was in place.
10 Q. Okay.
11 And when you voted to put LTL into
12 bankruptcy, was that based on your
13 understanding that LTL had access to the
14 funding -- the funds that were contemplated by
15 the funding agreement?
16 A. Yes.

DICKINSON, RICHARD - 01/26/2022

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252 :16 Q. So am I right that a permitted
17 funding use in this agreement is the payment
18 of all costs and expenses of the payee when
19 there is no proceeding under the Bankruptcy
20 Code?
21 A. I'll have to refer to lawyers for
22 the actual text. I'm not -- I'm not a lawyer.
23 Q. Okay.
24 So I'll go back to my questions
25 that I was asking before.

DICKINSON, RICHARD - 01/26/2022

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256 :11 Q. (BY MR. KUTCHER) It's a simple
12 question.
13 Did you understand, at the time of
14 the bankruptcy, that these funds were
15 available whether LTL went in or not?
16 A. I think I answer -- I think I
17 answered the question already.

DICKINSON, RICHARD - 01/26/2022

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262 :21 Before voting to put LTL into
22 bankruptcy, did you think it was important to
23 understand the value of the assets of LTL?
24 A. No.
25 Q. Did you think it was important to
263 :1 R. DICKINSON
2 understand the value of the liabilities of LTL
3 before voting to put LTL into bankruptcy?
4 A. I think I answered that question,
5 as well.
6 With regard to the liabilities of
7 LTL, in allowing an unpredictable verdict
8 there was no way to foresee a -- a definitive
9 projection on what the liabilities in the
10 future would be.

DICKINSON, RICHARD - 01/26/2022

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292 :25 Q. (BY MR. SATTERLEY) Sir, if you've
293 :1 R. DICKINSON
2 not evaluated the merits of any specific case,
3 how do you know that a verdict is wild?
4 A. The wild and unpredictable nature
5 of it is based on some knowledge that I do
6 have with regard to, you know, the Ingham
7 verdict.
8 For seemingly the same disease
9 state, some people receive astronomical
10 amounts, some people receive zero.
11 For the case in 2001, the
12 incongruity of the -- there were two cases.
13 One, I believe it was \$27 million, and the
14 compensatory and the punitive were completely
15 reversed.
16 And that is, you know, the extent
17 of my knowledge with regard to the wild and
18 unpredictable nature of those verdicts.

DICKINSON, RICHARD - 01/26/2022

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312 :22 Q. (BY MR. SATTERLEY) The -- I think
23 I heard from your testimony with Mr. Jonas
24 that you did not participate in any arm's
25 length negotiations regarding any of the
313 :1 R. DICKINSON
2 restructuring agreements.
3 Correct?
4 A. That is correct.
5 Q. And you weren't made privy, or you
6 weren't even told specifics, of how any arm's
7 length negotiations occurred for any of the
8 restructuring documents, right?
9 MS. BROWN: Asked and answered this
10 morning. I object.
11 MR. SATTERLEY: Go ahead, sir.
12 Q. (BY MR. SATTERLEY) That's true?
13 A. I was not told of any prior to them
14 being put in place.

DICKINSON, RICHARD - 01/26/2022

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318 :17 One last -- one last area.
18 Did -- did you learn and have an
19 understanding that one of the benefits of the
20 LTL filing would be to -- one of the benefits
21 would be to stop verdicts?
22 Right?
23 These wild and unpredictable
24 verdicts.
25 That would be one of the benefits,
319 :1 R. DICKINSON
2 right?
3 MS. BROWN: Lacks foundation.
4 THE WITNESS: I think I answered.
5 The reason we filed bankruptcy --
6 bankruptcy was for -- to reach a fair
7 and equitable resolution, and the
8 stay -- the -- an automatic stay was an
9 outcome of that process.

DICKINSON, RICHARD - 01/26/2022

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332 :19 MR. DINE: If we could put the
20 board minutes, Exhibit 23, up on the
21 screen, please.

DICKINSON, RICHARD - 01/26/2022

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333 :7 Q. (BY MR. DINE) And looking on
8 Page 19186, there's a heading, "Review of the
9 Company's Assets and History with Talc-related
10 Liabilities."
11 Do you see that?
12 A. I do.
13 Q. And then the -- the -- the third
14 sentence of that states: "Mr. Kim then
15 reviewed the company's history with
16 talc-related liabilities."
17 Do you see that sentence?
18 A. Yes.
19 Q. And is that an accurate statement?
20 A. Yes.
21 Q. And this second -- the next
22 sentence says: "Mr. Kim's presentation
23 addressed, among other things, the" -- "the
24 use of talc in products of the company's
25 predecessors, the evolution of talc-related

334 :1 R. DICKINSON
2 lawsuits in the tort system, the experience of
3 company's predecessors in the tort system,
4 challenged faced by the company's predecessors
5 in the court system, and historical and
6 forecasted costs and expenses of the company's
7 predecessors and the company, respectively,
8 associated with talc-related lawsuits."

9 Is -- is that an accurate
10 statement?
11 A. Yes. That's my understanding, it's
12 an accurate statement.

13 Q. And so Mr. Kim presented forecasted
14 costs and expenses of the company's
15 predecessors and the company associated with
16 talc-related lawsuits?

17 A. Well, it's -- it's a look back,
18 right?

19 So it's, in general, the costs
20 and -- you know, it's the same conversation I
21 had earlier or the same answer I had earlier.
22 It referred to the costs of approximately a
23 billion, and the three and a half billion
24 dollars' worth -- required for verdicts and
25 settlements.

335 :1 R. DICKINSON

2 Q. But it did not say: In the coming
3 years we expect to pay X amount of money out
4 in verdicts to talc claimants.

5 A. No.

DICKINSON, RICHARD - 01/26/2022

Page 336

336 :12 Q. (BY MR. DINE) Did you have any
13 factual basis to believe that the value of
14 JJCI would be insufficient to pay talc
15 liabilities going forward?
16 MS. BROWN: Same objection.
17 THE WITNESS: Yeah.
18 That's a hypothetical. I didn't
19 know what -- you know, obviously, we
20 didn't know -- we don't know what any
21 future liabilities would be, so that
22 wasn't even in the question.

DICKINSON, RICHARD - 01/26/2022

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338 :17 Q. (BY MR. DINE) I think the
18 question, then, is: Was the existence of the
19 funding agreement considered with respect
20 specifically to LTL's ability to satisfy
21 judgments against -- or judgments against it,
22 or settlements with talc claimants, going
23 forward?
24 A. That was not discussed as an
25 alternative, nor does it take away the fact
339 :1 R. DICKINSON
2 that the wild and unpredictable verdicts that
3 old JJCI experienced a number of cases that we
4 would be able to litigate in a year's time
5 period, and the costs would be eliminated.
6 So it wasn't discussed and it
7 wasn't an option.

DICKINSON, RICHARD - 01/26/2022

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339 :16 Q. (BY MR. DINE) Did any person ever
17 instruct you about the manner in which you
18 needed to carry out those duties, as far as
19 duties of prudence or care?
20 A. No one instructed me how to operate
21 in my job, nor would J&J ever put me in a
22 position of instructing me how to operate in
23 my job.

DICKINSON, RICHARD - 01/26/2022

Page 340

340 :7 Q. Did any person ever instruct you
8 that you have a duty of loyalty to LTL
9 specifically?
10 MS. BROWN: Objection. Calls for a
11 legal --
12 (Simultaneous speaking.)
13 Q. (BY MR. DINE) As a --
14 MS. BROWN: -- opinion.
15 THE WITNESS: -- (inaudible) --
16 Q. (BY MR. DINE) -- board member.
17 MS. BROWN: I -- I object. Calls
18 for speculation. Legal conclusion.
19 MR. DINE: You can answer the
20 question.
21 THE WITNESS: I said no.

DICKINSON, RICHARD - 01/26/2022

Page 346

346 :12 Q. Did you understand whether or not
13 Mr. Deyo had any relationship with Johnson &
14 Johnson or any of its subsidiaries or
15 affiliates?
16 A. Mr. Deyo is a former J&J employee,
17 and outside of, you know, the specific details
18 of his relationships, it's a question better
19 asked of somebody else.
20 But I generally knew of -- that he
21 was -- you know, Russ is a former employee,
22 that as it relates to LTL he's been a board --
23 board member, and he was going to receive
24 compensation.

DICKINSON, RICHARD - 01/26/2022

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347 :19 MR. DINE: Can we bring up
20 Exhibit 1.32, please.

DICKINSON, RICHARD - 01/26/2022

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348 :3 Q. (BY MR. DINE) Mr. Dickinson, you
4 testified that you had the same email address
5 now as you did prior to your appointment to
6 the board and as chief financial officer of
7 LTL.
8 Correct?
9 A. That is correct.
10 Q. And so your email is on Johnson &
11 Johnson's servers?
12 A. Yes, it is.
13 Q. And the same is true of
14 Mr. Wuesthoff's email.
15 A. I can speak to my email. I can't
16 speak to anybody else's email.
17 Q. So if your email is on Johnson &
18 Johnson's servers, can Johnson & Johnson's IT
19 system administrators read your email?
20 MS. BROWN: Objection. Foundation.
21 Speculation.
22 MR. DINE: You can answer if you
23 know.
24 THE WITNESS: I do not know.

DICKINSON, RICHARD - 01/26/2022

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350 :20 Q. (BY MR. DINE) Mr. Dickinson, as
21 chief financial officer of LTL, does LTL have
22 an accounting system?
23 A. We're -- I'm a band of one, and we
24 don't have an accounting system. We utilize
25 the -- through the services agreement, the
351 :1 R. DICKINSON
2 services of Treasury and the Financial Team.
3 Q. So LTL does not have its own
4 accounting system; it relies on Johnson &

5 Johnson's accounting system.
6 A. Currently, that is correct.

DICKINSON, RICHARD - 01/26/2022

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351 :18 MR. DINE: Could we bring up
19 Exhibit 66, please.
20 Q. (BY MR. DINE) Mr. Dickinson, you
21 recognize this document, correct?
22 A. I do.
23 Q. And you edited this document,
24 correct?
25 A. I was part of editing it, correct.
352 :1 R. DICKINSON
2 Q. You were one of the editors of the
3 document?
4 A. Correct.

DICKINSON, RICHARD - 01/26/2022

Page 352

352 :11 Q. (BY MR. DINE) If you could look at
12 the fourth paragraph, starting, "In his
13 current role..."
14 A. Yeah.
15 Q. Okay.
16 That sentence says -- that first
17 sentence starts: "In his current role, Rich
18 has been" -- "has led/been instrumental in the
19 execution of multiple divestitures across
20 J&J."
21 What -- what is -- how do you
22 define divestiture?
23 A. A divestiture is a selling of an
24 asset that is currently within J&J to another
25 entity.
353 :1 R. DICKINSON
2 Q. Was the creation of LTL a
3 divestiture?
4 A. The creation of LTL --
5 (Simultaneous speaking.)
6 MS. BROWN: I object. That calls
7 for a legal conclusion.
8 Q. (BY MR. DINE) I'm asking: Within
9 your definition of "divestiture," was the
10 creation of LTL a divestiture?
11 A. And -- and I'm not a legal expert.
12 It's a better question to ask somebody else.
13 But my understanding is it's not a
14 divestiture. It's completely something
15 different.
16 Q. Why is it different?
17 A. Once again, I'm not a legal expert.
18 It's --
19 (Simultaneous speaking.)
20 Q. Let me --
21 MS. BROWN: Please don't --
22 Q. (BY MR. DINE) -- interrupt --
23 MS. BROWN: -- please don't --
24 Q. (BY MR. DINE) I'm asking --
25 MS. BROWN: -- please interrupt
354 :1 R. DICKINSON
2 him. Let him finish his answer.

3 MR. DINE: I know.
4 THE WITNESS: The creation of LTL
5 was simply to reach a fair and equitable
6 resolution of the talc-related --
7 -related litigation in front of old JJCI
8 and now LTL. It had nothing to do with
9 divestitures or my past experience.

DICKINSON, RICHARD - 01/26/2022

Page 355

355 :7 Q. (BY MR. DINE) Let -- let me -- let
8 me go through them in specific. It may be
9 easier.
10 Advanced Sterilization Products,
11 that was the sale of a business to Forta for
12 \$2.8 billion, correct?
13 A. That is correct.
14 Q. And that sale to Forta was
15 negotiated with Forta, correct?
16 A. Correct.
17 Q. I imagine Forta tried to drive a
18 hard bargain, correct?
19 MS. BROWN: Objection. Vague.
20 THE WITNESS: Yeah.
21 It was a fair -- a fair resolution
22 of a transaction.
23 Q. (BY MR. DINE) So Johnson & Johnson
24 didn't say -- simply say to Forta, "You will
25 buy this for \$2.8 billion," correct?
356 :1 R. DICKINSON
2 A. That's not how it worked.
3 Q. Okay.
4 Codman Neurosurgery, that was a
5 sale to Integra Life Sciences Holdings, and
6 that was about \$1.045 billion, correct?
7 A. My recollection is that that's
8 approximately accurate, yes.

DICKINSON, RICHARD - 01/26/2022

Page 356

356 :20 Q. (BY MR. DINE) Integra Life
21 Sciences negotiated with Johnson & Johnson
22 concerning the sale of Codman Neurosurgery,
23 correct?
24 A. That every -- every divestiture is
25 negotiated between an acquirer and the
357 :1 R. DICKINSON
2 divesting party.
3 Q. You have a number -- looking at the
4 LTL transaction -- and I understand your
5 answer to my question.
6 Who -- was there a counterparty in
7 the LT- -- in the LTL corporate restructuring?
8 A. That's a -- it's a vague question.
9 The LTL was created from old JJCI to -- with
10 the purpose of a fair and equitable resolution
11 for the interested parties, claimants and LTL.
12 It had -- it had nothing to do with a
13 divestiture or business development
14 transaction.
15 Q. Right.
16 But there was a series of corporate

17 transactions that created LTL, correct?
18 A. There -- there was restructurings
19 that initially occurred, yes.

DICKINSON, RICHARD - 01/26/2022

Page 357

357 :23 Q. (BY MR. DINE) The creation of LTL
24 included assigning all talc liability of old
25 JJCI to LTL, and almost all the operating
358 :1 R. DICKINSON
2 assets of old JJCI to new JJCI, correct?
3 A. That is my understanding.
4 Q. Would you consider the transaction,
5 splitting the assets and liabilities of old
6 JJCI, to be a divestiture?
7 A. No.
8 Q. And who was looking out for the
9 interests of LTL in this transaction?
10 MS. BROWN: Objection. Vague.
11 THE WITNESS: That's -- I think
12 that's a legal question. That's not a
13 financial question.
14 I answered the question with regard
15 to why LTL was created.

DICKINSON, RICHARD - 01/26/2022

Page 360

360 :20 Q. And in any of the divestitures
21 listed -- listed in Exhibit 66, was there a
22 document like the funding agreement?
23 A. It's completely a different -- it's
24 completely different with regard to the
25 purpose and the transaction, and so it's
361 :1 R. DICKINSON
2 apples and oranges; not a relevant question.
3 Q. The answer is "no"?
4 A. Yeah, there's no funding
5 arrangement that occurs with regard to
6 divestitures.

DICKINSON, RICHARD - 01/26/2022

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364 :7 So other than the J&J 2020 annual
8 report and the informational brief for the
9 bankruptcy filing and the first-day pleadings
10 for the bankruptcy filing, is it correct that
11 you did not review any other specific
12 documents in forming your opinion that Johnson
13 & Johnson Consumer was in financial distress
14 before its restructuring?
15 Correct?
16 A. Those were the documents that I
17 primarily relied upon.
18 Q. Okay.
19 And you can't identify any other
20 specific documents that you relied upon at
21 this time, correct?
22 A. I cannot, except for the PowerPoint
23 presentation that was, you know, provided to
24 me and that we went through.
25 Q. Okay.

365 :1 **R. DICKINSON**
2 **A. Other than -- there were multiple**
3 **discussions. There was my own professional**
4 **judgment leading me to that conclusion.**
5 **Q. Okay.**

DICKINSON, RICHARD - 01/26/2022

Page 401

401 :5 **Q. (BY MR. BLOCK) When LTL filed for**
6 **bankruptcy, did it have any overdue debts?**
7 **MS. BROWN: I object as vague.**
8 **THE WITNESS: No, we didn't. We**
9 **didn't have any, you know, debts, you**
10 **know, on our books and records.**

GOODRIDGE, MICHELLE

GOODRIDGE, MICHELLE - 12/20/2021

Page 7

7 :22 MICHELLE GOODRIDGE
23 of lawful age, being produced, sworn and examined
24 on the part of the Talc Creditor Committee, and
25 after responding 'Yes' to the oath administered
8 :1 by the court reporter, deposes and says:

GOODRIDGE, MICHELLE - 12/20/2021

Page 8

8 :7 Q: Okay. Tell the court reporter your
8 name, ma'am.
9 A: Michelle Goodridge.
10 Q: You are the president of Johnson &
11 Johnson Consumer, Inc.?
12 A: Yes, I am.
13 Q: How many years have you been
14 president of Johnson & Johnson Consumer, Inc.?
15 A: That's a good question. I don't have
16 the exact years, but I have been at Johnson &
17 Johnson for 24 years and I have been serving in
18 that capacity for -- certainly in this current
19 role for over two and a half years, approximately
20 there.

GOODRIDGE, MICHELLE - 12/20/2021

Page 13

13 :23 Q: All right. So the business situation
24 that we are here to discuss is the 2021 corporate
25 reorganization that JJCI engaged in October.
14 :1 Are you familiar with that
2 transaction?
3 A: I am familiar with the transaction at
4 hand, yes.

GOODRIDGE, MICHELLE - 12/20/2021

Page 17

17 :23 Q: Okay. Now, I take it -- I understood
24 from your LinkedIn profile you came up through
25 the marketing side of the J&J business; is that
18 :1 right?
2 A: Yes. I grew up in the marketing side
3 of our business, yes.

GOODRIDGE, MICHELLE - 12/20/2021

Page 18

18 :18 Q: All right. But -- okay. This year,
19 you are president of the company, how many
20 hundreds of millions of dollars is Johnson &
21 Johnson Consumer, Inc., going to spend this year
22 on advertising Johnson & Johnson Consumer, Inc.,
23 brands --
24 MS. BROWN: Objection to the form.
25 BY MR. GLASSER:

19 :1 Q: -- directly? I don't need it to the
2 penny.
3 A: Well, that's good because I don't
4 know it to the penny. I know that we spend a
5 significant amount of money marketing but also,
6 you know, educating consumers on our products.
7 And I don't actually know the exact number.
8 Q: All right. I don't want the exact
9 number.
10 What's the significant amount of
11 money?
12 A: I think my -- again, I have
13 responsibility -- operating responsibility for a
14 certain portion of our business, not all, so I am
15 not the best person to answer that question. I'm
16 sure our finance folks can give you an exact
17 number.
18 Q: I don't want to be fobbed off on the
19 finance folks. I just want you to tell me, as
20 president of the company, do you even have the
21 remotest idea how much you are going to spend
22 this year on advertising the Johnson & Johnson
23 brands?
24 MS. BROWN: I object to the
25 argumentative portion of that question.
20 :1 THE WITNESS: Sure. Well, one, I
2 just want to clarify we have many brands, not
3 just one Johnson & Johnson brand. So we market
4 across a series of products across an entire
5 portfolio. So, therefore, it's very difficult
6 for me to put one number out there for you.
7 BY MR. GLASSER:
8 Q: All right. Is it more than \$1?
9 A: Yes, it is more than \$1.
10 Q: Is it more than a million dollars?
11 A: It depends on what you are asking
12 for. But for most of our products, yes.
13 Q: Okay. Is it more than a hundred
14 million a year in gross? You're the president.
15 A: I am the president, but I'm also --
16 you are asking a very broad question. And,
17 again, as I stated, we market a whole series of
18 brands and products and every single one of them
19 has a different budget every year.
20 Q: All right. I'm -- really, these are
21 totally simple non-trick questions.
22 Is it fair to say Johnson & Johnson
23 over the years -- Johnson & Johnson Consumer,
24 Inc., over the years has literally spent at
25 least -- over the last ten years has probably
21 :1 spent at least a billion dollars on advertising
2 Johnson & Johnson branded products?
3 MS. BROWN: And, again, I object to
4 the argumentative portion and the speech.
5 THE WITNESS: Again, as I stated, we
6 market many brands, many products with different
7 budgets over the years and it would not be
8 responsible for me to give you an exact number
9 when I don't have that in front of me.
10 BY MR. GLASSER:
11 Q: I have clearly not asked you for an
12 exact number.
13 Is it more than 500 million?
14 MS. BROWN: I object to this. Asked
15 and answered several times now.

16 THE WITNESS: Again, I can't answer
17 to the specifics. Again, we market across many
18 brands over many years. And, again, that number
19 we could find out for you separately.
20 BY MR. GLASSER:
21 Q: I don't want -- you're the president
22 of the company.
23 You don't have any idea within a
24 hundred or \$200 million how much a year you spend
25 on marketing the brand Johnson & Johnson?
22 :1 MS. BROWN: I object, again, to the
2 argumentative nature and asked and answered
3 several times.
4 THE WITNESS: I just want to clarify,
5 we don't market one brand, as you stated, J&J
6 brand. We market a series of brands and products
7 as part of Johnson & Johnson and all of them have
8 a very different budget every year.

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22 :15 Q: Does the Johnson & Johnson name have
16 any value?
17 MS. BROWN: Objection to the form.
18 BY MR. GLASSER:
19 Q: Monetary value?
20 MS. BROWN: Objection to the form.
21 THE WITNESS: Again, I can't tell you
22 if the J&J brand has monetary value. I know it's
23 an important brand for consumers.
24 BY MR. GLASSER:
25 Q: So even though you came up through
23 :1 the marketing side of the business and even
2 though you are the president of the consumer
3 business, you don't know if the Johnson & Johnson
4 name has any value?
5 MS. BROWN: Well, I object. It
6 completely misstates her testimony.
7 THE WITNESS: As I stated, the J- --
8 I can tell you that the Johnson & Johnson brand
9 has importance to consumers.
10 And, again, as I stated, J&J has many
11 brands and many products, not one Johnson &
12 Johnson brand.
13 (Whereupon, Exhibit No. 1.11 was
14 marked.)
15 MR. GLASSER: All right. I want to
16 show you Exhibit 1.11 which is an agreement and
17 plan and merger between Old Johnson & Johnson
18 Consumer, Inc., and a company called Chenango
19 Zero. I'm going to put it in the index, but it's
20 only a few pages, so we will just put it up on
21 the screen.

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24 :23 Q: That's fine. So you recognize this
24 agreement and plan of merger between Johnson &
25 Johnson Consumer, Inc., and Chenango Zero, a
25 :1 Texas limited liability company, don't you,
2 Ms. Goodridge?
3 A: I do. I recall it, yes.

4 Q: All right. And you know -- and you
5 are the president of Chenango Zero and the
6 president of Johnson & Johnson Consumer, Inc.; is
7 that correct?
8 A: Yes.
9 Q: Okay. When did you first learn you
10 were president of Chenango Zero?
11 A: I first learned that I was president
12 of Chenango Zero, from what I recall, through
13 some meetings with my lawyers regarding this
14 transaction.
15 Q: I asked you when was that.
16 A: From what I recall, in early October.

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25 :20 Q: All right. So this is dated
21 October 12.
22 How many days before October 12 did
23 you first learn you were president of Chenango
24 Zero?
25 MS. BROWN: I object to the form,
26 :1 misstates her testimony.
2 THE WITNESS: I don't remember the
3 exact days. I would say a week or two before,
4 approximately. Early October.

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27 :14 Q: Yes. I asked you when did you first
15 learn you were going to be president of Chenango
16 Zero.
17 You told me it was probably within a
18 week of October 12, but it could have been
19 earlier in October; right?
20 Do you remember that question and
21 answer?
22 A: I remember I said early October,
23 yeah.
24 Q: All right. And you told me about a
25 meeting with your lawyer.
28 :1 A: Yes.
2 Q: And I'm saying, was there one meeting
3 or more than one meeting before the -- with you
4 personally before this transaction went down?
5 A: I had several meetings with the
6 lawyers from what I recall.
7 Q: All right. I'm saying before the
8 transaction went down, so you are saying in
9 October you had several meetings.
10 How many?
11 A: In early October. I don't remember
12 specifically, a handful of meetings, three or
13 four. I don't remember exactly.
14 Q: All right. Were lawyers present at
15 every single meeting?
16 A: Lawyers were present in all the
17 discussions, yes.

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30 :3 Q: Okay. Who informed you you were
4 going to be president of Chenango Zero?
5 A: From what I recall, I learned about
6 it from one of our lawyers named Chris Andrew.

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31 :11 Q: All right. On the day of October 12,
12 were you delivered signature pages or the actual
13 entire documents to sign?
14 A: I don't recall the specific timing,
15 but I remember reviewing the -- I had the entire
16 document before signing and we reviewed the
17 document.
18 Q: With those lawyers in those meetings
19 in October?
20 A: Well, to be clear, I reviewed it
21 with -- Chris Andrew was one of the lawyers that
22 I reviewed it with.

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34 :14 Q: Okay. So here's my precise question.
15 As president of Chenango Zero,
16 Ms. Goodridge, you proposed zero changes to this
17 document before you signed it; correct?
18 A: Again, I can only speak to the
19 document I signed. When I signed this document,
20 I did not have any changes at that moment when I
21 signed it.
22 Q: Okay. And you didn't have any
23 changes on behalf of Johnson & Johnson Consumer,
24 Inc., when you signed it; correct?
25 A: I can only speak to the timing of
35 :1 the -- when I signed the document and reviewed
2 the document, at that point in time, I had no
3 changes to the document.
4 Q: Well, let's be clear.
5 You personally, Ms. Goodridge -- we
6 are going to go through about 20 -- maybe 30
7 documents you signed.
8 Isn't it true that you didn't propose
9 a change of a single word in any of those
10 documents?
11 A: I can only state that in my
12 interactions with the document which as I
13 reviewed them extensively with our lawyer, I
14 signed on behalf of our corporation, and I don't
15 recall making specific changes to any documents
16 at that point in time.
17 Q: At any point in time; isn't that
18 true?
19 You first learned about these
20 documents in October of 2021; correct?
21 A: I learned about the documents in
22 early October.
23 Q: And from that time until the time you
24 signed, you proposed zero changes to any of them;
25 isn't that true? You personally proposed zero
36 :1 changes to any of them?
2 A: From what I recall, I don't remember
3 proposing any changes. I know I reviewed it

4 extensively with my lawyers before signing.

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36 :11 Q: Ms. Goodridge, you recognize
12 Exhibit 1.17 as a written consent in lieu of
13 meeting that you signed; isn't that right? On
14 behalf of --
15 A: I agree that is the document that we
16 are looking at.
17 MR. GLASSER: I'm sorry. Do you
18 recognize -- let's show her her signature on
19 page 2.
20 BY MR. GLASSER:
21 Q: Do you recognize that as your
22 signature, Ms. Goodridge?
23 A: I do.
24 Q: On behalf of a company called
25 Currahee Holding Company, Inc.?
37 :1 A: Yes, I do.

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38 :4 Q: By the way, do you know what a
5 Chenango is?
6 A: Are you asking from me a definition?
7 I'm sorry. Could you restate the question?
8 Q: Well, you are the president of
9 Chenango Zero; right?
10 A: I am the president of Chenango Zero.
11 Q: What's a Chenango?
12 A: I know -- I can only tell you what I
13 know which is it's the name of this entity. I
14 don't -- there may be other definitions, but I
15 can't answer that.
16 Q: You weren't involved in choosing the
17 names?
18 A: I was not involved in choosing the
19 name which is not unusual.

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40 :23 Q: All right. Well, I tell you what
24 then, can you give me a business reason Johnson &
25 Johnson Consumer, Inc., a company that had spent
41 :1 some substantial amount of money, although you
2 don't know the amount establishing its name in
3 the consumer market, would want to become
4 Chenango Zero, a thing you don't know the meaning
5 of?
6 MS. BROWN: Objection to the form of
7 the question, argumentative.
8 THE WITNESS: Could you restate the
9 question, please?
10 BY MR. GLASSER:
11 Q: Yeah. Give me the business reason
12 Johnson & Johnson Consumer, Inc., would want to
13 change its name to Chenango Zero.
14 MS. BROWN: Objection to the form.
15 THE WITNESS: Again, I can't speak
16 to -- I'm not a lawyer. You know, I think I'm

17 not privy to all the details. My under- -- I
18 understand that there were important reasons,
19 business reasons, to conduct the transactions
20 that I'm aware of that day which included Johnson
21 & Johnson Consumer, Inc., merging into Chenango
22 Zero.

23 BY MR. GLASSER:

24 Q: Okay. Tell me a business reason a
25 company that had spent, in your words, a
42 :1 substantial amount of money over the prior decade
2 advertising its name would want to change it to
3 Chenango Zero.

4 MS. BROWN: Objection to the form.

5 THE WITNESS: Well, two things. One
6 is I want to be clear I didn't say before that we
7 spent substantial money advertising the J&J name.
8 We market a bunch of products. I just want to
9 clarify that for the record.

10 And then, two, that I understand that
11 for -- again, I can't speak to the legalities of
12 how the transactions work. You can defer to our
13 lawyers for that. I think they are in a better
14 position to answer that.
15 I can under -- I can only tell you
16 what the ultimate intent or purpose was for the
17 business transactions that -- where I was
18 involved.

19 BY MR. GLASSER:

20 Q: Okay. So let me see if I can break
21 down your lengthy answer.
22 You never had a businessperson to
23 businessperson meeting outside the presence of a
24 lawyer to discuss a business purpose for this
25 transaction; correct?

43 :1 A: Well, let me answer in two parts.
2 One is I did not have a businessperson to
3 businessperson discussion about this transaction
4 when I was signing it.
5 Second is I do believe there is a
6 business purpose in the transaction that's a
7 separate point.

8 Q: Okay. But my question to you was not
9 about the -- it's what's the business purpose for
10 abandoning the name Johnson & Johnson and
11 becoming Chenango Zero?
12 What's the business purpose for that
13 from a businessperson's perspective?

14 A: Well, again, you know, I'm
15 not going -- I can't speak to that. I think we
16 can defer to our lawyers.
17 But I -- again, the transactions and
18 the names, again, I'm not in the best position to
19 speak to that.

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44 :17 Q: All right. So in agreeing to it,
18 you, Ms. Goodridge, were relying on advice of
19 counsel?

20 A: When signing this document, yes. And
21 that would not be unusual that it was under
22 advisement of my lawyer.

23 MR. GLASSER: Let's go to

24 Exhibit 1.19.

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45 :3 Q: Just so we can get it into evidence
4 since everything is not agreed to be authentic,
5 this is, in fact, the consent of the sole member
6 that you signed on page 2.
7 Is that your signature on page 2?
8 A: It is.

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46 :5 MR. GLASSER: Okay. Let's go to
6 Exhibit 1.34.

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46 :20 Q: All right. Is that your -- is that
21 your signature, Ms. Goodridge?
22 A: Yes, that is my signature.

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48 :9 Q: I'm saying, did you authorize the
10 division of the company you were president of,
11 Chenango Zero, into two other companies.
12 A: So what I recall is I do recall a
13 transaction where Chenango Zero was divided into
14 Chenango One and Chenango Two.

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49 :8 Q: Well, let me ask you this -- let me
9 do it this way then.
10 Is it true that you never had a
11 discussion outside the presence of lawyers about
12 why Chenango One -- Chenango Zero needed to
13 divide into Chenango One and Chenango Two?
14 A: What I recall is having the
15 conversation only with my lawyer about that
16 transaction.

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50 :17 Q: That's not what I asked you, ma'am.
18 I didn't ask that.
19 I said did you have a conversation
20 with a nonlawyer businessperson about -- prior to
21 doing it outside the presence of lawyers to
22 discuss a business purpose for this transaction?
23 A: I did not have any discussions with
24 business -- from a businessperson to
25 businessperson perspective about the specific
51 :1 transaction.
2 Q: All right. So as per the decision to

3 make Johnson & Johnson Consumer, Inc., into
4 Chenango Zero, likewise, the decision to divide
5 it into Chenango One and Chenango Two was -- your
6 agreement with that was based on advice of
7 counsel?
8 A: My agreement to sign the document was
9 based on my discussions with my lawyers, yes.
10 Q: So you were relying on advice of
11 counsel to make that decision?
12 A: Yes, which is not unusual. I was
13 under advisement by my lawyers. I do under- --
14 also was aware that this was -- there was a team
15 that was involved in understanding the options
16 and the best path forward and I was relying on
17 that process as well.

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53 :13 MR. GLASSER: Okay. All right.
14 Let's go to Exhibit 1.20, the funding agreement.

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55 :25 Q: And on page 17, there's your two
56 :1 signatures; right?
2 A: I see my two signatures, yes.

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56 :5 Q: That Michelle Ryan signed on behalf
6 of Johnson & Johnson.
7 A: I see that, yes.

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56 :22 Q: All right. So you did not sit down
23 at the bargaining table with Michelle Ryan and
24 bargain this document; correct?
25 A: I can't speak to what you are
57 :1 referencing. I can only speak to the discussions
2 I had when I signed the document.
3 Q: Right. And we already established
4 you didn't change any words in any document, so
5 you did not negotiate this with Michelle Ryan;
6 correct?
7 A: Two separate points there, but I
8 can't speak to the negotiation with Michelle
9 Ryan. I was -- I'm not part of that discussion.
10 The first part of that is a separate
11 question, if you want to restate the question
12 just to make sure I understood it.

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59 :11 BY MR. GLASSER:
12 Q: So we already established you
13 personally didn't negotiate with Michelle Ryan;

14 true?
15 A: I personally did not. I think you
16 are -- it's a broad question. I'm not -- I don't
17 feel like I can answer that, but I didn't have a
18 discussion with Michelle Ryan.

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61 :6 Q: Okay. And you are telling me that
7 you, therefore, personally never had a
8 businessperson to businessperson discussion away
9 from lawyers about the business purpose of this
10 agreement; true?
11 A: Just -- again, just to clarify, so
12 in -- for this agreement, you are referring to
13 the funding agreement specifically?
14 Q: Correct.
15 A: I did not have a businessperson to
16 businessperson discussion about the agreement. I
17 had a discussion with our lawyers.
18 Q: All right. And, therefore, when you
19 agreed to this on behalf of Johnson & Johnson
20 Consumer, Inc., you were doing it based on advice
21 of counsel?
22 A: I was signing this based on advice
23 from counsel, yes, and after discussion and
24 extensive review.
25 (Whereupon, Exhibit No. 1.52 was
62 :1 marked.)
2 MR. GLASSER: Okay. Now let's go to
3 the amended and restated funding agreement,
4 Exhibit 1.52 and we will put it in your index.
5 Can you pull up the first paragraph
6 and the signature page and show her her
7 signature? You can blow up the first paragraph
8 so she just sees what it is and her signature
9 page.

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62 :24 Q: Okay. You agree --
25 A: Okay.
63 :1 Q: -- this is the amended and restated
2 funding agreement that you signed?
3 A: I do.

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64 :23 Q: All right. I think the first
24 sentence basically says in plain English that the
25 payors are going to give the payee money for
65 :1 permitted funding use.
2 Do you agree?
3 MS. BROWN: Objection to the form.
4 THE WITNESS: Again, my understanding
5 as I read the document here is the payors are
6 agreeing. Again, as I defer to the document
7 here, it says exactly in the document what the
8 payors are obligated for in terms of payments to
9 the payee.
10 BY MR. GLASSER:

11 Q: For, quote, the defined term
12 permitted funding use; right?
13 A: Yes, for permitted funding use.

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65 :21 Okay. And you agree the payee under
22 this amended and restated funding agreement is
23 LTL Management; right?
24 A: That is my understanding.
25 Q: All right. Great. And so what this
66 :1 basically says -- my understanding of this, you
2 tell me if you agree, is basically it says the
3 payors -- a permitted funding use is basically
4 the day-to-day normal operation of the business
5 of LTL, do you agree, when there is no proceeding
6 under the bankruptcy code?
7 When it's not in bankruptcy, it's
8 normal operating expenses of its business?
9 A: Again, I can only state what's
10 actually stated in the document which is all --
11 Q: Where it says --
12 MS. BROWN: Let her finish, please.
13 THE WITNESS: -- costs and expenses
14 are according to the normal course of its
15 business.
16 BY MR. GLASSER:
17 Q: All right. So what's your
18 understanding of that?
19 A: Exactly as it's stated, in the normal
20 course of its business, all costs and expenses.
21 Q: All right. In the 27 years you have
22 been a business executive, have you ever seen an
23 agreement like this before?
24 MS. BROWN: Objection to the form.
25 THE WITNESS: Again, I see a lot of
67 :1 different business transactions. They are all
2 different. I haven't seen this exact one. But I
3 have been involved in so many different ones.

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69 :22 Q: You sitting here cannot identify by
23 name another transaction or business deal where a
24 similar concept was employed?
25 MS. BROWN: Object to the form.
70 :1 THE WITNESS: Again, I have been
2 involved in different transactions, but I can't
3 recall any -- again, every single business
4 transaction is unique and different, so --
5 BY MR. GLASSER:
6 Q: And you can't recall --

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70 :11 A: As I was saying, I have been involved
12 in different transactions. They are all
13 completely unique. So I can't make a correlation
14 or draw any generalization of the ones I can
15 recall.

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71 :7 Q: What's your understanding of what
8 B -- what B covers?
9 MS. BROWN: Objection to the form.
10 THE WITNESS: My understanding would
11 be exactly as it's stated in the document.
12 BY MR. GLASSER:
13 Q: Okay. So A covers all the costs of
14 operating the business outside bankruptcy and B
15 covers all the costs of operating inside
16 bankruptcy; is that your understanding?
17 MS. BROWN: Same objection.
18 THE WITNESS: I can only defer to
19 what's written in the contract -- I mean, the
20 document here. And so are you asking a specific
21 interpretation? I can only defer to what's
22 exactly here in the contract.
23 BY MR. GLASSER:
24 Q: I'm just saying, is it your
25 understanding that Johnson & Johnson Consumer,
72 :1 Inc., the company of which you are president, is
2 going to pay all the costs of LTL in its
3 bankruptcy case pursuant to B here?
4 MS. BROWN: Objection to the form.
5 THE WITNESS: Again, as I relate --
6 as related to the document that's in front of me,
7 I can only state, you know, what's in the
8 document itself and what my --
9 BY MR. GLASSER:
10 Q: What --
11 A: -- understanding is. If you can let
12 me finish. Sorry.
13 Which is that the payment of any and
14 all costs of the payee incurred during bankruptcy
15 case would be incurred -- would be provided by
16 the payors.
17 Q: Okay. Great.
18 A: That's my understanding as stated in
19 the document here.

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74 :8 Q: Well, you cannot out of your own
9 personal knowledge identify for me a single other
10 transaction by name with this feature sitting
11 here today; isn't that true?
12 MS. BROWN: Objection to the form.
13 THE WITNESS: Well, as I sit here,
14 again, I can't recall everything, but I can't
15 recall a transaction with this specific detail, I
16 guess.
17 But, again, I can't recall the
18 details. And I'm not a lawyer. I'm not in
19 business development. So it would be normal for
20 me not to understand all the details of every
21 agreement I signed.
22 MR. GLASSER: Let's go -- let's pull
23 up Exhibit 2, please.

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76 :16 Q: I think you'll recognize Exhibit 2,
17 Ms. Goodridge. So I have here Johnson &
18 Johnson's form 10-Q filed with the Security and
19 Exchange Commission in October of 2021.
20 You are familiar with forms like
21 this; right, Ms. Goodridge?
22 A: Generally speaking.
23 Q: Yeah.
24 A: I'm not an expert.
25 Q: Right. But as president of one of
77 :1 the big sectors of this company, you are familiar
2 with the obligation of companies -- with
3 Johnson & Johnson's obligation to report to the
4 Security and Exchange Commission on a quarterly
5 basis its results; right?
6 A: Absolutely, I understand that.
7 And could you refer me to which
8 document where this is located just to make sure
9 we are on the same page?
10 Q: Yeah. Right now it's just on the
11 screen, but we can put it in your index.
12 But I just want to know if you know
13 what a Form 10-Q is. It's a filing with the
14 Security and Exchange Commission that you're
15 personally familiar with in terms of the company
16 generally doing; right?
17 A: I understand the general role of it,
18 yes, absolutely.

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80 :10 Q: And in this instance as of October 3,
11 2021, Johnson & Johnson on a consolidated basis
12 is reporting 17.6 -- more than \$17.6 billion of
13 cash and cash equivalents; isn't that true?
14 A: Yeah. I can only refer to what I'm
15 looking at on the document, but that is what the
16 document is referring to -- saying -- stating.
17 Q: And for marketable securities,
18 \$13.397 billion; isn't that true?
19 A: That's what I see on this particular
20 document.
21 Q: So it's fair to say that as of
22 October 3rd, 2021, Johnson & Johnson on a
23 consolidated balance sheet basis had more than
24 \$31 billion of cash, cash equivalents, and
25 marketable securities; isn't that true?
81 :1 MS. BROWN: Objection to the form.
2 THE WITNESS: I can only refer to
3 what's in front of me which is -- which states
4 what the cash and cash equivalents and marketable
5 securities are.
6 BY MR. GLASSER:
7 Q: And if you add those two numbers
8 together, you are above \$31 billion; isn't that
9 true?
10 A: Yes.

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83 :10 Q: So as of October 3rd, 2021, the
11 company also had \$10 billion of available
12 borrowing under that credit facility; isn't that
13 correct?
14 MS. BROWN: Objection to the --
15 objection to the form.
16 THE WITNESS: On this -- what is
17 exactly in the document here as stated which is
18 that in September of 2021 that the company
19 secured a 364-day credit facility -- took credit
20 available to the company approximating 10
21 billion.
22 BY MR. GLASSER:
23 Q: Okay. So 31 plus 10 is 41; right?
24 A: If you are just doing the math of 31
25 plus 10, yes, I would agree.
84 :1 Q: All right. So as of the time you
2 learned about this transaction to cause a
3 divisive merger, the most recent public filings
4 of Johnson & Johnson indicated more than
5 \$41 billion of available liquidity; isn't that
6 true?
7 MS. BROWN: Objection to the form,
8 foundation.
9 THE WITNESS: Well, I'm not an expert
10 on financial terms, so could you restate the
11 question?
12 BY MR. GLASSER:
13 Q: Well, \$31 billion of cash plus
14 \$10 billion of credit is \$41 billion of available
15 liquidity; correct?
16 MS. BROWN: Objection, form,
17 foundation.
18 THE WITNESS: I'd agree that we
19 looked at the -- the document that you just
20 shared with me had that 31 in cash and the 10
21 billion in credit.
22 I am not a financial expert, so I
23 can't -- I don't know what you mean by liquidity.
24 But I -- those are the facts that I can defer to
25 as stated in the document.
85 :1 MR. GLASSER: Okay. Now let's go

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85 :9 Q: All right. So now we know that the
10 payor -- payors Johnson & Johnson, Johnson &
11 Johnson Consumer, Inc., with \$41 billion in
12 available liquidity have agreed under Section 2.A
13 to fund all LTL's costs and expenses in the
14 normal course of business; right?
15 We already had those questions and
16 answers. Do you remember that?
17 A: Well, I remember the specific
18 questions and answers related to the paragraphs
19 in this funding agreement. Yes.

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86 :11 Q: Okay. Explain to the Court how a
12 company with access to \$41 billion in available
13 liquidity is in financial distress.
14 MS. BROWN: Objection to the form.
15 THE WITNESS: Well, I can -- all I
16 can say is what my understanding is, that the
17 payee in this case that we are referring to as
18 LTL and my understanding as officer of J&J
19 Consumer, Inc., is that the payee and previously
20 Johnson & Johnson Consumer, Inc., was under
21 significant hardship as related specifically to
22 the talc litigation. So I don't agree with your
23 original statement.

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91 :7 Q: Do you see that, the middle of the
8 page, 1.5 billion and 1.2 billion in fiscal
9 nine months of 2021 and 2020. Litigation expense
10 in both periods is primarily related to talc.
11 Do you see that?
12 A: I do. I see that statement.
13 Q: All right. So it's not exclusively
14 related to talc.
15 Do you agree with that?
16 MS. BROWN: Objection to form.
17 THE WITNESS: All I can see is what's
18 stated there which says that it's primarily
19 related to talc.
20 BY MR. GLASSER:
21 Q: Right. And you do agree that fiscal
22 nine months means the whole cost for the nine --
23 first nine months of 2021 is 1.5 billion?
24 A: All I can refer to is what's exactly
25 in the document which is 1.5 billion for 2021
92 :1 fiscal nine months of litigation expenses.
2 Q: Great. Is 1.5 billion a smaller
3 number than 41 billion?
4 A: Is 1.5 billion smaller than? Yes, it
5 is smaller -- it is an absolute smaller number
6 than 41, yes.

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93 :8 Q: Yes. I'd like you to explain to the
9 Court how a company with access to \$41 billion in
10 liquidity whose entire cost for all litigation of
11 every kind before the division was 1.5 billion is
12 in financial distress.
13 MS. BROWN: Objection to the form,
14 calls for speculation.
15 THE WITNESS: Well, I can't comment
16 on your specific statement. But what I can tell
17 you is what I understand which is that our --
18 the -- for JJ Consumer, Inc., which is where I
19 play a role that -- you know, again, I wasn't
20 involved in the day to day of talk.
21 But I was very much under the clear

22 understanding that the talc liability was a
23 significant financial constraint and concern for
24 the company and it was causing significant
25 financial constraint, hardship, resource
94 :1 constraints, potential reputational damage.

2 And so that's what I can speak to
3 when I think -- I don't know what you are
4 referring to as financial distress. But when I
5 think about financial distress, those are all
6 aspects of financial distress that I was under
7 the understanding that we were involved in.

8 BY MR. GLASSER:

9 Q: All right. So let's break it down.

10 The company reported in the Consumer
11 Health segment that while it's not exclusively
12 related to talc, its talc-related costs were
13 1.5 billion for the prior nine months.

14 That's a concrete fact; right?

15 That's a number? That's an ascertainable fact;
16 agreed?

17 A: I can only speak to the number that
18 was reflected in the document you shared.

19 Q: Okay. You are unaware of any other
20 higher number that you've ever seen; correct?

21 MS. BROWN: Objection, calls for
22 speculation.

23 THE WITNESS: I can't speak to that.

24 What -- can you state the question again? I'm
25 not sure what you are asking.

95 :1 BY MR. GLASSER:

2 Q: Well, the publicly reported number
3 for the financial constraint coming out of
4 litigation is 1.5 billion for the first
5 nine months.

6 I'm asking you as the president of
7 the company, are you aware of any other number?

8 MS. BROWN: Objection, lacks
9 foundation.

10 THE WITNESS: So I can't speak to --

11 I mean, I'm not the finance leader at this
12 organization. But what I can speak to is my
13 understanding as a business leader of what the
14 financial hardship was on our business related to
15 talc which was not only the number that is on
16 that document.

17 BY MR. GLASSER:

18 Q: All right. Which businessperson away
19 from a lawyer did you have that conversation?

20 A: Well, as part of the operating
21 company for Johnson & Johnson Consumer, Inc., you
22 know, as a business leader of that group, we are
23 all under the understanding of what the talc
24 litigation was causing in terms of financial
25 hardship.

96 :1 Q: Okay. Give me an example of a
2 business investment you did not make in the last
3 six months because of talc.

4 MS. BROWN: Objection to the form,
5 foundation, speculation.

6 THE WITNESS: Can you restate the
7 question, please?

8 BY MR. GLASSER:

9 Q: Identify for me one business
10 investment that you did not make in Consumer
11 Health because of resource constraints imposed by

12 talc.

13 MS. BROWN: Same objection.

14 THE WITNESS: Okay. Well, you know,
15 I can only tell you what I know. As a business
16 leader, I was not involved in the day-to-day
17 management of the talc litigation, so I can't
18 speak to that. I'm not involved in the day to
19 day of our talc business.

20 I can tell you as a business leader
21 across the U.S., that we were making tradeoff
22 decisions all the time in a resource constrained
23 environment. And the talc litigation was
24 significant constraint to us and we made
25 significant tradeoffs, but I can't -- it's not

97 :1 just one answer. It's not a black-and-white
2 situation.

3 BY MR. GLASSER:

4 Q: So you can't identify a specific
5 business decision that you turned down because of
6 talc in the last six months?

7 MS. BROWN: Objection, misstates
8 testimony.

9 THE WITNESS: Well, I didn't say that
10 exactly. What I said is we made tradeoff
11 decisions all the time when we are in a
12 constrained position.

13 I am very aware of decisions we made
14 where we could not move forward because of a
15 constrained P&L. I am aware of many decisions we
16 have made because we are constrained.

17 BY MR. GLASSER:

18 Q: Okay. Give me one example.

19 A: Again, just to clarify, the context
20 of my comment is in the context of making
21 tradeoff decisions when we are financially
22 constrained.

23 Examples of that would include media
24 investments that we want to make to support our
25 business that we did not make, resource
98 :1 investments that we wanted to make that we could
2 not make. Those are examples and not limited to
3 those examples.

4 Q: All right. Give me -- you got to be
5 more concrete.

6 What media investment did you want to
7 make you couldn't afford to make because of talc?

8 MS. BROWN: Objection to the form of
9 the question.

10 THE WITNESS: Well, there are
11 multiple media investments across different
12 businesses that we wanted to make.

13 BY MR. GLASSER:

14 Q: Name one.

15 A: Well, I can give you some examples of
16 ones.

17 Q: Go ahead.

18 A: Again, it's not specific to any one.
19 There are a much broader set of decisions that we
20 make when it's related to our P&L every year.

10 Health grow?
11 A: I can tell you that parts of
12 Johnson & Johnson Consumer, Inc., grew and parts
13 of Johnson & Johnson Consumer, Inc., did not
14 grow.
15 Q: Overall did it grow?
16 A: Overall it grew in a small amount.
17 But, again, there are puts and takes to that and
18 I don't know where the year will end up yet.

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107 :10 Q: And we have already established that
11 your assent to it was based on advice of counsel;
12 right?
13 MS. BROWN: Objection to the form.
14 THE WITNESS: Again, what I can share
15 is I walked through and reviewed the purpose and
16 intent of the documents that I was signing and
17 that was under advisement of my legal counsel.
18 Yes.

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108 :12 Q: You see that right there?
13 JJCI that you were president of on
14 October 12; right?
15 A: Yes, I see that.
16 Q: Okay. What law firm represented Old
17 JJCI in the transaction where it merged with
18 Chenango Zero?
19 A: I don't know.

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111 :12 Q: Okay. I don't want to grind through
13 that. Okay. I just want to ask you a simple
14 question.
15 As of the day you signed this, what
16 was the fair market value of JJCI's assets?
17 A: When I signed it, I don't know the
18 precise value of the market -- the assets.
19 Q: Okay. Did you ask anyone to find
20 that for you before you signed this?
21 A: No, I did not ask anyone to find it.
22 I didn't need -- I didn't feel like I needed to.
23 Q: Okay. Before you signed this
24 agreement, did you ascertain the fair market
25 value of JJCI's then existing liabilities?
112 :1 A: No, I did not.
2 Q: Did you ask -- did you ask anyone to
3 find that for you before you signed this
4 agreement?
5 A: I did not ask anyone at that time.
6 But I also am very aware that there is a constant
7 view, let's call it a statement, and assessment
8 of what the JJCI market value is at any point in
9 time. So I was very aware that it existed and is
10 constantly evaluated.
11 Q: Great. As of October 12, 2021, what
12 is the JJCI value?

13 A: I don't remember. I don't know.
14 Q: Did you ask anyone to figure it out?
15 MS. BROWN: Asked and answered.
16 THE WITNESS: I did not ask anyone at
17 that time to figure it out but I did not feel
18 like I needed to.

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114 :1 Q: All right. What's your last
2 understanding of the JJCI value?
3 A: I don't -- I can't answer that as a
4 specific question because there is -- it's a
5 number that is a market value that I wouldn't be
6 able to answer a specific number on.
7 Q: So it's fair to say that you signed
8 this agreement without knowing what the JJCI
9 value is?
10 A: No --
11 MS. BROWN: Objection, assumes --
12 THE WITNESS: -- I did not say that.
13 BY MR. GLASSER:
14 Q: Okay. What is it?
15 THE WITNESS: Sorry, Alli.
16 MS. BROWN: No, it's okay.
17 THE WITNESS: I said that I don't
18 have a specific number, but I understand what the
19 JJCI value is in terms of how to -- how we would
20 calculate that, where it would be available, but
21 I don't -- and it would not be unusual for me not
22 to know what the exact number is.
23 BY MR. GLASSER:
24 Q: Okay. I don't want the exact number.
25 Give me the directional number. I'm okay. You
115 :1 can miss by a few billion.
2 What's the number?
3 A: No, I don't -- I'm not comfortable
4 missing by a few billion. I apologize.
5 But you could ask our -- you can ask
6 our financial leaders for what an appropriate
7 market value is based on their calculation at a
8 specific time. I'm sure they would be in a much
9 better position to answer that than me.

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115 :23 Q: What is your understanding of the
24 JJCI value even if somebody else may have a
25 different understanding?
116 :1 MS. BROWN: Objection, asked and
2 answered.
3 THE WITNESS: I think I stated it
4 before that I understand what the JJCI value
5 means when I signed this document. But I don't
6 have a specific number and I wouldn't want to
7 state a number that's not accurate.

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119 :15 MR. GLASSER: Okay. Let's go to
16 Exhibit 1.57, an amended and restated commitment

17 and loan agreement.
18 (Whereupon, Exhibit No. 1.57 was
19 marked.)
20 BY MR. GLASSER:
21 Q: Okay. Do you recognize this amended
22 and restated commitment and loan agreement dated
23 October 12, 2021, between Johnson & Johnson and
24 Johnson & Johnson Consumer, Inc., that you signed
25 on page 12?
120 :1 A: Okay. Yes, I see the document. I
2 recall the document.

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120 :17 Q: Right. I'm not asking about this
18 one.
19 I'm saying prior to this loan
20 agreement being entered, are you aware of any
21 other master loan agreement or loan agreement
22 between Old JJCI and Johnson & Johnson, the apex
23 company, away from this reorganization?
24 A: I am not aware of any agreements, but
25 that doesn't mean that I would be privy to that,
121 :1 so I may not be in the position to know that.

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125 :3 Q: Yes. What was the business need for
4 the loan agreement that you and I just looked at
5 if it's a true statement that Johnson & Johnson
6 Consumer, Inc., has access to its own cash?
7 MS. BROWN: Objection, foundation,
8 speculation.
9 THE WITNESS: Again, I don't know
10 exactly which question you are asking me. Is
11 there something specific to the agreement that
12 you are asking me to look at?
13 BY MR. GLASSER:
14 Q: I'm trying to get you to articulate a
15 single business reason for this loan agreement.
16 A: Again, I'm not a lawyer. I'm not in
17 the finance department. I don't know how the
18 intricacies work. I understand the overall
19 premise and intent of the transactions that day.
20 But if you are asking me a specific
21 question about cash flow and other things, I'm
22 not in the best position to answer that.
23 Q: Why would Johnson & Johnson Consumer,
24 Inc., need a loan agreement if it has the power
25 to either use its own cash or call the cash if
126 :1 need be?
2 MS. BROWN: Objection, foundation,
3 speculation.
4 THE WITNESS: Well, are you
5 referring -- is there something specific to the
6 agreement that you are asking a question about?
7 BY MR. GLASSER:
8 Q: Its existence. I'm trying to figure
9 out the business rationale for the existence of
10 an agreement like this.
11 Do you know one?
12 A: Well, again, I mean, I'm not in the

13 best position -- again, I'm not a lawyer. I
14 don't understand -- I may not understand the
15 specific details behind each agreement.
16 But if there is a specific question
17 about the specific agreement, maybe we can defer
18 to the document.

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130 :6 Q: Have you ever one time asked somebody
7 in your company what is the average cost of the
8 medical care for an ovarian cancer case?
9 MS. BROWN: That's been asked and
10 answered. It lacks foundation and calls for
11 speculation.
12 BY MR. GLASSER:
13 Q: You can answer the question.
14 A: I have not asked that specific
15 question, no.

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130 :22 Q: Have you ever asked what is the
23 average cost of care for a mesothelioma case?
24 MS. BROWN: All the same objections.
25 BY MR. GLASSER:
131 :1 Q: Have you ever asked that?
2 A: Have I asked the specific question?
3 No.

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132 :18 Q: Okay. Have you ever tried to figure
19 out in your own mind what it is you put on LTL,
20 the aggregate amount of all the talc-related
21 liability? Did you ever try and figure out what
22 that was?
23 MS. BROWN: Objection to the form,
24 foundation.
25 THE WITNESS: No. I personally did
133 :1 not try to do the specific math of what that was,
2 nor would I be in the position to do so
3 accurately and I would depend on others to do so,
4 but it was not my obligation or my duty.

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142 :22 Q: If somebody underneath you in the
23 chain of command wanted to spend, say, for
24 example, \$2 billion, would you expect to know
25 about it?
143 :1 A: If someone wanted to spend 2 billion,
2 I would definitely assume that I would see that
3 before it was agreed to.
4 MR. GLASSER: Let's go to
5 Exhibit 1.24.

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144 :1 Q: Okay. Great. Again, this you first
2 saw in that early October meeting; right?
3 A: Yes.
4 Q: And it was explained to you by Chris
5 Andrew; right?
6 A: It was explained to me by Chris
7 Andrew, yes.

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148 :22 Q: Did you -- before you divided and
23 created LTL as the president of JJCI, did you ask
24 to see a pro forma balance sheet for LTL after
25 the division?
149 :1 MS. BROWN: Objection, form,
2 foundation.
3 THE WITNESS: After the division, I
4 did not specifically ask to see a pro forma
5 statement, no.
6 BY MR. GLASSER:
7 Q: Again, I'm saying prior to creating
8 LTL and giving it all the talc liabilities, you
9 never asked to see a pro forma balance sheet?
10 A: I didn't make the specific request,
11 but I think we could defer to the documents for
12 all the necessary information or to the experts
13 involved.
14 Q: All right. And prior to creating
15 LTL, you didn't ask to see any pro forma income
16 statements of what the new entity would look like
17 on a pro forma basis; isn't that correct?
18 A: Again, I didn't make that specific
19 request. But, again, we could defer to the
20 documents and to the experts for all the details.
21 Q: Prior to creating LTL and assigning
22 it the sum of all the talc liabilities, you
23 didn't ask to see a pro forma statement of cash
24 flow that it would, in fact, operate; correct?
25 A: I specifically -- I didn't
150 :1 specifically ask to see a certain document but I
2 know I reviewed multiple documents.
3 And, again, I would defer to the
4 agreements and I would defer to the lawyers and
5 the experts that were involved for the detail.

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150 :11 Q: Among the documents you reviewed in
12 October of 2021 prior to agreeing to this deal,
13 did you see any pro forma financial statements
14 for LTL giving effect to the division?
15 A: You know, I'm trying to recall. I
16 reviewed many documents that day, so I don't
17 know -- I don't recall which specific documents I
18 reviewed or not. So if there is a specific
19 document that you are calling on, I'm sure I
20 could -- I would like the opportunity to review
21 that before I address it.

22 Q: So sitting here today, you have no
23 specific recollection of having been shown any
24 pro forma financial statements for the future
25 LTL?

151 :1 A: You know, again, I reviewed many
2 documents that day, so I don't recall exactly
3 which ones. But we could defer to the agreements
4 that I have in front of me, all the ones that I
5 reviewed and signed. I'm happy to look through
6 that and to understand exactly what I -- was
7 reviewed that day.

8 Q: But you have no memory of having
9 reviewed any pro forma financial statements for
10 the newly created entity carrying the weight of
11 the talc liabilities; correct?

12 A: Well, I just want to clarify. I'm
13 not saying I didn't see it for sure. I don't
14 recall exactly which documents. I know I
15 reviewed documents around LTL, but I don't
16 remember exactly what they were.

17 Q: All right. Let's go --

18 A: And, again, we can defer to the
19 documents that I signed. I know that I reviewed
20 those extensively.

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156 :1 Q: Isn't it true, Ms. Goodridge, that if
2 a settlement agreement has a future obligation
3 for JJCI, we could ascertain that by reading the
4 agreement?

5 MS. BROWN: Objection, calls for
6 speculation, lacks foundation.

7 THE WITNESS: I don't know because
8 I'm not involved with those settlement
9 agreements.

10 BY MR. GLASSER:

11 Q: Is the normal way --

12 A: I'm not the right person to ask.

13 Q: Is the normal way that you determine
14 what a contract says by reading it?

15 MS. BROWN: Same objection.

16 THE WITNESS: I'm sorry. I'm not
17 sure what you are asking me.

18 BY MR. GLASSER:

19 Q: Has it been your common experience in
20 27 years of business that to learn what a
21 contract provides, reading it is helpful?

22 A: I would just -- I can -- I can't
23 comment on the settlement contracts that are in
24 front of me here.

25 I do think in general reading the
157 :1 contracts as stated are helpful to understand the
2 construct of what the contract's intent is.

3 Q: All right. So to determine the
4 future obligations of Johnson & Johnson, the apex
5 company, under these assigned settlement
6 agreements, one could read them to determine
7 that; agreed?

8 MS. BROWN: Asked and answered. I
9 object.

10 THE WITNESS: Again, I am not the
11 right person to address it. I don't even feel

12 comfortable addressing a comment on that.

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162 :2 THE WITNESS: I don't know.
3 BY MR. GLASSER:
4 Q: So deciding litigation settlements
5 with JJCI's money is outside your chain of
6 command; isn't that true?
7 MS. BROWN: I object to the form of
8 that question. It's argumentative.
9 THE WITNESS: I didn't say that. But
10 I was not involved specifically in the
11 specific -- the specific litigation that you are
12 talking about.
13 BY MR. GLASSER:
14 Q: Well, they were clearly
15 accomplished -- these settlement agreements were
16 clearly accomplished without your authority;
17 isn't that true?
18 A: I didn't say that. I just said that
19 I was not involved in any of the specifics of
20 what you described.
21 Q: Well, if you didn't sign the
22 settlement agreement, you didn't read the
23 settlement agreement, you weren't involved in any
24 way, shape, or form, how in the world were you
25 exercising any authority as president of JJCI in
163 :1 entering the settlement agreements?
2 MS. BROWN: Well, that lacks
3 foundation.
4 THE WITNESS: Again, I can't speak to
5 the legalities of the authorities of who is
6 involved and not involved. I can tell you that I
7 wasn't involved in the settlement contracts.
8 BY MR. GLASSER:
9 Q: All right. How many --
10 A: And I don't know who was.
11 MS. BROWN: Let her finish her
12 answer, please, Counsel.
13 BY MR. GLASSER:
14 Q: How many cases have been settled?
15 How many talc cancer cases have already been
16 settled prior to the division?
17 MS. BROWN: I object, lacks
18 foundation.
19 THE WITNESS: I don't know.
20 BY MR. GLASSER:
21 Q: Is it more than 2,000?
22 MS. BROWN: Same objection.
23 THE WITNESS: As I stated, I don't
24 know.
25 BY MR. GLASSER:
164 :1 Q: Is it more than ten?
2 MS. BROWN: Same objection.
3 THE WITNESS: As I stated, I don't
4 know.

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172 :21 Q: Have you ever met Mr. Wuesthoff?
22 A: In my previous roles at Johnson &

23 Johnson, I have met Mr. Wuesthoff before, yes.
24 Q: Did you ever meet him in connection
25 with this transaction?
173 :1 A: I did not.
2 Q: Did you ever meet with Mr. Dickinson
3 who is the CFO of LTL that you put in in
4 connection with this transaction?
5 A: I did not.
6 Q: Did you ever meet with Mr. Dayo, the
7 third manager of LTL in connection with this
8 transaction before you put him in the job?
9 A: I did not.
10 Q: So it's fair to say that you did not
11 discuss roles and responsibilities with any of
12 those three people before you put them in their
13 positions?
14 A: I personally did not, no.

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176 :8 Q: Ms. Goodridge, did you determine this
9 case -- this transaction should occur in Texas?
10 A: Are you referring specifically to the
11 Chenango transaction?
12 Q: Correct.
13 A: I was involved in signing for that
14 entity be constructed in Texas. I was not
15 involved in the details of the options that were
16 assessed which I defer to the lawyers for more
17 details.
18 Q: So you had to rely on counsel for
19 that choice?
20 A: I relied in this particular case when
21 signing it to counsel.
22 MR. GLASSER: All right. Let's pull
23 up the amended and restated divisional merger
24 support agreement, 1.53.
25 (Whereupon, Exhibit No. 1.53 was
177 :1 marked.)
2 BY MR. GLASSER:
3 Q: All right. So this is an amended and
4 restated divisional merger support agreement
5 between JJCI and LTL. Okay?
6 A: Okay.
7 Q: So you signed it on, I guess, the
8 fourth page -- sorry. Four, five -- sorry, fifth
9 page, PDF page 7.
10 Is that your signature?
11 A: Yes.

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179 :7 Q: Well, do you under- -- do you have an
8 independent understanding of why this transaction
9 was structured so as to assign the insurance to
10 LTL but leave all the power and authority to
11 prosecute the insurance at JJCI? Was that ever
12 explained to you?
13 MS. BROWN: Objection, lacks
14 foundation.
15 THE WITNESS: Again, I'm not an
16 expert in that area, nor would I even try to even

17 basically explain your question. But I would
18 defer to our lawyers and our other experts to,
19 you know, help understand like the structure of
20 how that works.
21 BY MR. GLASSER:
22 Q: All right. So that structuring is
23 something you again relied on advice of counsel.
24 You didn't make an independent
25 business decision that that was the right thing
180 :1 to do; right?
2 A: No. In my role, I regularly rely on
3 experts and lawyers in matters where there is an
4 expertise like this. And in this case, I relied
5 on our counsel and obviously any previous
6 discussions to arrive at that.

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189 :7 Q: Okay. Why didn't you guys just put
8 JJCI into bankruptcy?
9 MS. BROWN: Objection, foundation,
10 speculation.
11 THE WITNESS: Sorry. I'm not in a
12 position to answer that. Maybe we could defer to
13 the lawyers on the constructs of that.
14 BY MR. GLASSER:
15 Q: Did you ever have a conversation with
16 anybody ever about that idea?
17 A: I'm not sure which idea you are
18 referencing.
19 Q: Putting JJCI itself into bankruptcy.
20 A: I can't -- again, I'm not in a
21 position to speak to that. I'm not a lawyer. I
22 was not involved in the options of what made most
23 sense. Again, I would defer to my lawyers for
24 those questions.
25 Q: Okay. I'm asking you a very
190 :1 different question.
2 Did you, Michelle Goodridge, ever
3 have a conversation with anybody at Johnson &
4 Johnson about why we are not putting Johnson &
5 Johnson Consumer, Inc., into bankruptcy?
6 MS. BROWN: Objection, asked and
7 answered.
8 THE WITNESS: As I said, I was not
9 involved in the details of those discussions.
10 BY MR. GLASSER:
11 Q: Okay. Well, I'm asking you, is it
12 also true that you never even had that discussion
13 with your lawyer?
14 MS. BROWN: Well, hang on a second.
15 I don't want you to reveal any specific
16 discussions you had with counsel, Ms. Goodridge,
17 but you are certainly able to answer the question
18 as to your general understanding or your
19 knowledge of the particular facts that allowed
20 you to fulfill your role here as JJCI president.
21 BY MR. GLASSER:
22 Q: No, hang on. I'm asking a yes or no.
23 If the answer is you never had the conversation,
24 then you surely never got legal advice on it.
25 So did you ever have that
191 :1 conversation why don't we put JJCI in bankruptcy?
2 MS. BROWN: Asked and answered.

3 THE WITNESS: As I stated before, I
4 was not involved in that specific discussion.
5 BY MR. GLASSER:
6 Q: So the answer is, no, I, Michelle
7 Goodridge, was never subject to a discussion like
8 that ever anywhere with anyone?
9 A: No. I was answering specifically the
10 question you asked about JJCI and bankruptcy. I
11 was not involved in any of those discussions
12 myself personally.
13 Q: Right. So you personally never had
14 such a discussion with any human being?
15 A: About that specific statement, no.

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199 :25 Q: So in those conversations you had in
200 :1 early October, the discussion -- there was a
2 discussion around LTL filing bankruptcy; correct?
3 A: Again, my understanding was that that
4 was a likely outcome as the next step, but that's
5 my understanding of it. That's it.

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200 :22 Q: So you are going to telling the Court
23 honestly coming out of the meetings with
24 Mr. Andrews, you didn't -- you didn't think there
25 was essentially a hundred percent chance LTL was
201 :1 filing bankruptcy?
2 MS. BROWN: She literally answered
3 that question three times. I object, asked and
4 answered.
5 BY MR. GLASSER:
6 Q: There was some confusion coming out
7 of the meeting whether it would actually go
8 bankrupt?
9 MS. BROWN: She already answered
10 that.
11 BY MR. GLASSER:
12 Q: What's your answer?
13 A: I didn't say there was any confusion.
14 I said that it was -- my understanding was it was
15 a likely outcome.
16 Q: Wasn't it your understanding that is
17 what was going to happen?
18 MS. BROWN: Objection, asked and
19 answered.
20 THE WITNESS: I already answered the
21 question the way I understood it.
22 MR. GLASSER: Let's go to
23 Exhibit 1.65.
24 (Whereupon, Exhibit No. 1.65 was
25 marked.)
202 :1 BY MR. GLASSER:
2 Q: Okay. This is the operating
3 agreement of a company called Royalty A&M and you
4 will see that you signed it on page 15.
5 Is that your signature,
6 Ms. Goodridge?
7 A: Yes, it is.

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203 :19 Q: Did you receive a briefing covering
20 why it was going to be a North Carolina company?
21 A: Based on my conversations with Chris
22 Andrew, I understood that was where the entity
23 would be structured. But I don't have -- again,
24 I'm not a lawyer and I would defer to them for
25 the details of why North Carolina.
204 :1 Q: So you have no understanding of what
2 relation Royalty A&M had to North Carolina?
3 A: My understanding is that Royalty A&M,
4 LLC, was established in North Carolina.
5 Q: Why?
6 A: That's the basis of my understanding.
7 I'm sure the lawyers would have a better answer
8 of why.
9 Q: So you relied on advice of counsel to
10 make it a North Carolina entity as opposed to any
11 other state?
12 A: I --
13 MS. BROWN: I object, foundation.
14 BY MR. GLASSER:
15 Q: The answer is I did; right?
16 A: I relied on my discussions with Chris
17 Andrew and the counsel from Chris Andrew.

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208 :23 MR. GLASSER: Let's go to
24 Exhibit 1.66.
25 (Whereupon, Exhibit No. 1.66 was
209 :1 marked.)
2 BY MR. GLASSER:
3 Q: This is a purchase and sale agreement
4 between a company called McNeil Nutritional LLC
5 and Royalty A&M LLC. Do you see that?
6 A: I do.
7 Q: And you signed this on page 31, so if
8 you want to look and see your signature.
9 You are apparently the president of
10 McNeil Nutritional, LLC, Ms. Goodridge. Okay?
11 A: Yes, I am.
12 Q: All right. I take it you did not sit
13 down and negotiate this purchase and sale
14 agreement between McNeil and Royalty A&M?
15 A: Well, in answer to your question, I
16 did not personally sit down and negotiate this
17 agreement, but I'm aware of the agreement and
18 what I signed on that day.

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210 :8 Q: All right. So you don't know who
9 negotiated the purchase price in this agreement?
10 A: I am personally not aware of that --
11 the answer to that specific question.
12 Q: You don't know when it was
13 negotiated?
14 A: I am not aware. Again, I'm not the

15 best person to ask. I don't know the answer to
16 that.

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214 :20 Q: So you signed it based on advice of
21 counsel?
22 A: I signed it based on my understanding
23 of the agreement, my understanding of the purpose
24 intent, and my comfort level of that, as well as
25 based on information provided by my counsel.
215 :1 Q: All right. What did Chris Andrew

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230 :20 Q: Now, we have reviewed, you know, lots
21 of paper today about the 2021 corporate
22 reorganization, but some things aren't in the
23 papers, so I want to ask you about them. Okay?
24 A: Okay.
25 Q: Why was this done in October?
231 :1 A: I don't know. I would defer to my
2 legal counsel and other experts involved. I
3 don't know why.
4 Q: Did anybody tell you why you wanted
5 to get it accomplished in October?
6 A: Again, I didn't have any specific
7 conversations about why October.
8 Q: Okay. Why was it done so fast in
9 only two days?
10 A: And I'm not a lawyer and I don't --
11 I'm not in a position to answer that question.

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248 :15 Q: Are you aware that LTL has asserted a
16 right to stay all the lawsuits pending against it
17 on account of the bankruptcy?
18 MS. BROWN: Objection, foundation.
19 THE WITNESS: I can only give you my
20 understanding. Again, not as a lawyer and not as
21 someone involved with LTL is that that -- with
22 bankruptcy there is a pause of the cases. That's
23 my only -- my understanding, but I can't give you
24 more details to that. I would defer to my
25 lawyers.
249 :1 BY MR. GLASSER:
2 Q: And did you have that understanding
3 when you signed these documents?
4 A: As I stated before, I understood that
5 bankruptcy was a likely outcome and I understood
6 that one component of bankruptcy was a pause in
7 the cases.

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249 :20 Q: Well, since the 39,000 cancer victims
21 cases have been stayed, but people with other
22 unsecured cases have not been stayed, would it be

23 fair to say the cancer victims are in a worse
24 position than they were before the transaction
25 having to do with their ability to prosecute
250 :1 their lawsuit?
2 MS. BROWN: I object. It misstates
3 the evidence and it lacks foundation and calls
4 for speculation.
5 BY MR. GLASSER:
6 Q: Who is better off, somebody who
7 didn't have a stay or somebody whose case has
8 stayed?
9 MS. BROWN: I object, foundation,
10 speculation.
11 BY MR. GLASSER:
12 Q: Ms. Goodridge, you can answer.
13 A: Well, I can only answer what I'm
14 comfortable answering which is that I don't think
15 those are relevant comparisons in my
16 understanding of it, I mean, in just my sense of
17 the question.
18 And I can tell you my understanding
19 of the purpose and intent of what LTL was to do
20 was actually to provide a fair and equitable
21 resolution for plaintiffs for talc litigation.
22 And that's my understanding. That's -- I can't
23 comment on your other comparisons.

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253 :1 Q: Is there anything in the funding
2 agreement where JJCI pledges not to do a further
3 divisional merger leaving the funding agreement
4 with Old/New JJCI with a lot less assets?
5 MS. BROWN: I object. The question
6 makes no sense. It lacks foundation and it calls
7 for speculation.
8 BY MR. GLASSER:
9 Q: You can answer.
10 A: I don't feel comfortable answering --
11 I know. But I don't feel comfortable answering
12 that question as stated.

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254 :1 Q: As president of JJCI, have you signed
2 any document pledging not to do any more divisive
3 mergers?
4 MS. BROWN: Objection, foundation,
5 assumes facts.
6 THE WITNESS: You know, I don't --
7 have I signed any documents? Can you repeat that
8 part again because that is a complicated
9 question.
10 BY MR. GLASSER:
11 Q: Have you signed any agreement on
12 behalf of New JJCI pledging not to do any more
13 divisive mergers?
14 A: Again, I would defer to my lawyers
15 for the details. From my recollection, I mean, I
16 only can speak to what I signed regarding this
17 transaction. I'm not aware or I can't recall any
18 specific agreement relating to what you are

19 saying. But, again, I would defer to my lawyers
20 because I might not remember that. But I don't
21 recall as we sit here.

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310 :11 Q: Well, what was the intent of the
12 creation of LTL based upon your understanding?
13 A: From my understanding and upon review
14 of the documents and review of the different
15 transactions, my understanding was that the
16 intent and purpose was to provide a more fair,
17 efficient, and equitable resolution of the talc
18 litigation both current and future.
19 Q: And who told you that bankruptcy
20 would be a more fair, efficient, and equitable
21 way of handling the talc cases as compared to the
22 civil litigation? Who told you that?
23 MS. BROWN: Objection. That
24 misstates her testimony and lacks foundation.
25 THE WITNESS: Okay. So what I shared
311 :1 was -- I only can share what I understood.
2 What I understood is that the
3 creation of LTL was to provide what I mentioned
4 which is a more fair resolution of the talc
5 litigation. Separate from that --

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311 :11 A: Then I will answer separate from
12 that, I was under the understanding that
13 bankruptcy would be a likely outcome from the
14 transactions.
15 And I was informed of this through my
16 discussions with Chris Andrew.
17 Q: So other than Attorney Chris Andrew,
18 did anyone else tell you that an LTL bankruptcy
19 filing would create a more fair and equitable
20 resolution of the talc litigation?
21 A: One is I didn't say those exact
22 words. I just want to clarify. But, two, my
23 discussions -- my understanding of the structure
24 and the intent of the restructuring was through
25 Chris Andrew.
312 :1 Q: Okay. Other than Chris Andrew --
2 other than what Chris Andrew told you, do you
3 have any other basis for the statement you made
4 that the LTL bankruptcy filing would be a more
5 fair and equitable way to resolve talc cases?
6 A: Again, I just want to clarify that I
7 am separating those two comments because that's
8 not -- my understanding was that LTL was created
9 for the resolution of the talc litigation,
10 period. Separately, that that bankruptcy was the
11 likely outcome and process that could occur.
12 So, again, I'm not a lawyer. I --
13 it's -- I don't want to comment on sort of the
14 relationship between the two and I don't think
15 I'm in a good position to do that.

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312 :20 Q: Okay. I wrote down your words,
21 quote, LTL was created for the resolution of the
22 talc litigation, period.
23 You heard your words in the last
24 answer; correct?
25 A: I heard my words, yes.
313 :1 Q: Okay. Who told you that?
2 A: That was my understanding from my
3 discussions within -- when I was reviewing the
4 documents.

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314 :14 Q: Who told you that other than Chris
15 Andrew? Did anyone else other than Chris Andrew
16 tell you that, yes or no?
17 MS. BROWN: Objection.
18 THE WITNESS: When I was signing the
19 documents and reviewing the documents, no one
20 else told me that other than Chris Andrew.

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325 :2 Q: So, again, in this memo, it says
3 that -- we are looking on the screen -- that the
4 commercial capabilities are expected to continue
5 through New JJCI upon consummation of the
6 restructuring without interruption.
7 Do you see that?
8 A: I do.
9 Q: And is that exactly what has
10 happened, that JJCI, the company that you are
11 president of, has been able to continue business
12 as usual without any commercial interruption
13 since the filing of the LTL bankruptcy on
14 October 14, 2021? Is that correct?
15 A: Well, again, as you know, J&J
16 Consumer, the Global Consumer company is very
17 big, so I can't speak to every aspect of it.
18 But in general I think that J&J
19 Consumer, Inc., from my -- where I sit from the
20 realm of responsibility I have has been able to
21 continue operating without interruption.

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338 :11 Q: And how do you know it would be more
12 fair and equitable?
13 A: Well, I can only tell you what I
14 understood through my conversations. And my
15 understanding was that it was created -- there
16 are different aspects to it, but that it would
17 be -- it's created so that we could manage and
18 resolve all the talc litigation which is both
19 current and future and that there were aspects
20 like the funding agreement that helped enable

21 that fair and -- fair and equitable resolution of
22 those litigation costs.

23 Q: What was the basis for your
24 understanding that when you signed the documents,
25 that the LTL bankruptcy would result in a fair

339 :1 and equitable way of resolving all the talc cases
2 against JJCI? What was the basis of your
3 understanding?

4 A: The basis of my understanding --

5 Q: Yes.

6 A: -- were a combination -- I'm just
7 trying to answer the question. The basis of my
8 understanding was a combination of understanding
9 the documents and the details of the agreements
10 that I was -- that I was privy to in signing as
11 well as an explanation of the agreements from my
12 lawyer Chris Andrew.

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13 :18 Do you understand that last
19 fall, Johnson & Johnson undertook a corporate
20 restructuring that resulted in the creation of
21 a company called "Legacy Talc Litigation?"

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13 :23 A. Yes.
24 Q. And do you understand that
25 Johnson & Johnson and Johnson & Johnson's
14 :1 consumer health subsidiaries, Talc
2 Liabilities, were placed into that newly
3 created company, Legacy Talc Litigation?
4 A. Yes.

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14 :7 Q. And if I use the shorthand, "LTL,"
8 for Legacy Talc Litigation, do you understand
9 what I'm referring to?
10 A. Yes.
11 Q. And do you understand that LTL filed
12 for bankruptcy?
13 A. Yes.

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17 :2 Q. And have you been the Director of
3 Corporate Ratings Healthcare, at Standard and
4 Poor's, for the last 14 years?
5 A. No. So, my current role is
6 director. And I've been at Standard and
7 Poor's, in the Credit Ratings Department, for
8 14 years. But I've not been director for the
9 full 14 years.
10 Q. And for how long have you been
11 director?
12 A. I don't recall, offhand. But it's
13 a -- a good number of years.
14 Q. Okay. At least three or four years?
15 Is that fair?
16 A. Yes.
17 Q. And what is your role as a Director
18 of Corporate Ratings, Healthcare?
19 A. So, the department that I work in,
20 Corporate Ratings, we establish a grading
21 system, like Triple A, for -- which is an
22 evaluation of credit risk. The risk that a
23 company will go bankrupt.
24 My -- in my role, I focus currently,
25 primarily on pharmaceutical companies, but
18 :1 also, other types of healthcare companies like
2 medical device, or healthcare service
3 companies.

4 And I have a group of more junior
5 analysts who don't report directly to me, but
6 are on my team. Kind of a dotted line. And
7 I'm responsible for their work, and quality
8 control training, et cetera.

9 Q. Got it. Thank you. Do you have
10 responsibility for covering Johnson & Johnson
11 in your role?

12 A. Yes.

13 Q. And for how long have you been
14 covering Johnson & Johnson?

15 A. I think it was since 2019 was when I
16 picked up coverage from a colleague.

17 Q. And does your coverage of
18 Johnson & Johnson include Johnson & Johnson
19 subsidiaries?

20 A. Yes. I mean, I -- well, to clarify,
21 our rating is on the parent, but the -- the
22 activities of the subsidiaries influence the
23 credit rating of the parent.

24 So, if it's related to the
25 creditworthiness of the overall entity, then
19 :1 yes. You know, it gets technical when we
2 think about how we rate different entities
3 within a group.

4 But, generally, they have a single
5 family rating that reflects the comprehensive
6 activities of the entities that are part of
7 the group which is backing the
8 creditworthiness of the parent.

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20 :20 Q. Got it. And in the course of
21 covering Johnson & Johnson as part of your
22 role at Standard and Poor's, do you
23 communicate with people at the company?

24 A. Yes.

25 Q. And who are the principal people
21 :1 that you communicated with from 19 -- 2019 to
2 the present?

3 A. So, we -- we typically try to
4 schedule a meeting annually, that involves a
5 large group of analysts or a group of analysts
6 from my team, Standard and Poor's credit
7 ratings group.

8 May be three to half a dozen, or
9 sometimes more. And on JNJ side, there will
10 also be, kind of a handful of people. Often
11 the treasurer; some people from investor
12 relations. Sometimes the CFO. Sometimes
13 legal folks, if it's -- we have some questions
14 about legal matters.

15 And then, there is kind of an annual
16 thing. And the company will share with us
17 forecasts and other information that maybe
18 sometimes is not shared publicly. So it's
19 kind of confidential information.

20 And then we also kind of maintain a
21 single person who is our primary contact.
22 That was Michelle Ryan, for the last couple
23 years. It's recently switched to
24 Duane Van Arsdale, I believe is the name of

25 the individual, who is the treasurer.

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22 :8 Q. And as the director on that account,
9 if that's the right terminology, were you the
10 principal point of contact with Michelle Ryan,
11 during the period that she was the point
12 person at JNJ?

13 A. I was the primary point person, with
14 the exception of a short period of leave in
15 September and October of 2021. I would say
16 yeah.

17 It's not always the director who's
18 the primary point of contact. Typically,
19 names that are credits that are larger and
20 more complex, are allocated to directors to be
21 the primary analyst.

22 Companies that are smaller and less
23 complicated are often -- associates are the
24 primary point of contact.

25 So it's not -- the role -- the title
23 :1 is not necessarily for that role. But yes, to
2 your original -- I guess to the key question,
3 I am the primary point of contact with the
4 company on JNJ.

5 Q. And how often would you have
6 telephone calls with Michelle Ryan in, let's
7 say, 2020 and 2021?

8 A. So, again, it could vary. If
9 everything is very stable, it could be, you
10 know, just when a company issues debt. So
11 maybe once a year, aside from the annual
12 meeting.

13 In the case of Johnson & Johnson,
14 there were various developments, so it was
15 more frequent. It's hard for me to say
16 whether it was twice a year or four or five
17 times a year. Just don't recall.

18 Q. Somewhere in that range?

19 A. Yes.

20 Q. And when you did have telephone
21 calls with Michelle Ryan, how did you record
22 the substance of those telephone calls?

23 A. If the conversations are
24 substantive, the practice is --

25 MR. STARNER: I may object
24 :1 occasionally. Just give me a moment.

2 Obviously, you can answer the
3 question, if you understand, after that.
4 But if you just give me one second, so --
5 if you don't mind. Thank you.

6 Go ahead.

7 THE WITNESS: Sure.

8 Yeah. Our practice is to take
9 written notes if they are substantive
10 matters that, you know, wouldn't be
11 documented.

12 So, for example, if a company plans
13 on issuing debt, you might just take a
14 few notes. But then, when the issuance
15 is -- when you publish your note,
16 everything is there, so there is nothing
17 really that is meaningful or material,

18 that needs to be recorded.

19 But if there's notes that are
20 meaningful, the practice -- the practice
21 in the organization and the department is
22 to save them into a specific depository
23 for the record.

24 We are a regulated entity. And so,
25 we are required to save the material
25 :1 information we gather, as part of that
2 rating analysis.

3 BY MR. SHAPIRO:

4 Q. And what is the name of that system
5 where you maintain your notes?

6 A. We refer to it as "RDR."

7 Q. RDR. And what does "RDR" stand for?

8 A. Probably something like "rating
9 depository" -- yeah. We use a lot of
10 acronyms.

11 Q. We can call it "RDR." And is -- and
12 is RDR a database of notes that the S&P
13 analyst take to record the conversations that
14 they have with the companies that they cover?

15 MR. STARNER: Objection.

16 You can answer.

17 A. It's a system where those documents
18 are saved. We often use, kind of, the
19 administrative assistants to help file it
20 there. Yes.

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26 :10 Q. Let me ask you the question this
11 way. Do you rely on those notes in the course
12 of developing ratings for the companies that
13 you cover?

14 A. Certainly, those are an input that
15 go into it. And we'll refer back to it.

16 Q. And do you rely on those notes for
17 the purpose of preparing the reports that S&P
18 prepares?

19 A. We could. Certainly, yeah.

20 Q. And -- and in the course of your
21 career at S&P, have you always intended for
22 those notes to be as accurate as possible?

23 A. They are shorthand. But they are
24 supposed to be a reference for -- at least for
25 me, to be able to decipher what I was thinking

26
27
27 :1 or hearing.

2 I guess that is to say that, they
3 are not edited, or they are usually drafted as
4 the conversation is going.

5 So there is a little bit of a --
6 there is a looseness in the note-taking that's
7 obviously not going to be present in something
8 we would publish, or even something that we
9 would share with a committee, like a -- a
10 package for others to review.

11 They are really not generally
12 reviewed by anyone else. So, you know, if
13 they have a grocery list on the side, that
14 wouldn't be a problem.

15 MR. SHAPIRO: Let me mark as

16 Exhibit 384, a document that's Bates
17 stamped SPG100 -- or "SPGI0001078_001"
18 through "002."

19 And for the videographer, it's tab C
20 in the binder. You can put that on the
21 screen.

22 (Exhibit 384 marked for identification)

23 BY MR. SHAPIRO:

24 Q. Mr. Kaplan, do you have the ability
25 to control the notes? To control the screen
28 :1 to go through it?

2 A. Yes.

3 Q. Okay. Let me know when you've had a
4 chance to review them.

5 [Witness perused document.]

6 A. Okay.

7 Q. Do you recognize these as your
8 notes, Mr. Kaplan?

9 A. I recognize these as mine. This
10 would not be -- these are not notes that were
11 taken during a conversation with the company.

12 This would be notes that I drafted
13 for our conversation with my colleagues to
14 discuss the rating on JNJ, or the outlook on
15 JNJ. In addition to having a rating, we also
16 have an outlook which could be stable,
17 positive or negative.

18 So, this was October of 2020. This
19 was, I guess, an internal conversation we had
20 scheduled to discuss JNJ's rating and some of
21 the developments.

22 Q. Are these notes that you prepared in
23 advance of the internal conversation?

24 A. Yes.

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30 :1 Q. That's okay. And what was the
2 purpose of the meeting?

3 A. So, based on, you know, the
4 contents, there were two legal matters that
5 were facing Johnson & Johnson, that seemed to
6 be -- had reached the point where the
7 liability could be material.

8 And so, we were discussing whether
9 this has, or should have an influence on the
10 rating or the rating outlook.

11 Q. And what was the source of the
12 information that you included in these notes?

13 A. So, it could be conversations we had
14 with the company. It could be information we
15 digested from media sources we viewed as
16 reliable.

17 It could be information that the
18 company had shared publicly with investors, or
19 had put in its SEC filings, like its 10K or
20 10Q.

21 You know, we kind of gathered from
22 multiple sources.

23 Q. Okay. I want to ask you, if we can
24 scroll up. I guess I can't control it. Let
25 me -- let's scroll up to the part that says,
31 :1 "Talc settlements."

2 Do you see the section at the

3 bottom of the page, which is Bates stamped --
4 I guess it's the first page, "001," which
5 says, "Talc settlements?"

6 You're there, Mr. Kaplan? If
7 you scroll down.

8 A. Sure.

9 Q. Do you see that the first sentence
10 says:

11 "Company has capitulated on
12 talc, talcum powder/baby powder litigation
13 settlements in contrast to fiercely litigating
14 that."

15 Do you see that?

16 A. Yes.

17 Q. And is that based on a conversation
18 you had with Michelle Ryan?

19 A. That would have been my -- my view.
20 So the term, "capitulated," in particular, is
21 just a word that came to me. But it's -- this
22 is my interpretation of the events that I'm
23 observing.

24 So, I doubt that the company would
25 have said that to me, specifically. But the
32 :1 company, in my experience, has been -- has
2 taken the strategy -- and I believe
3 Michelle Ryan had mentioned this -- of, you
4 know, of generally being very assertive in
5 litigating claims.

6 Michelle had expressed that J --
7 that the company feels -- Johnson & Johnson
8 feels that they are unfairly challenged by
9 litigation because of their financial
10 strength.

11 And so, their strategy is generally
12 to litigate even things that might be economic
13 to ignore, or just to settle, to avoid
14 nuisance cases.

15 So, it was therefore a change for us
16 to see that they started to reserve some --
17 some amounts on their financial statements as
18 expected losses or exhibited liabilities for
19 talc.

20 So that -- that's what that first
21 sentence refers to. Is that the company has
22 basically shifted in strategy from fighting
23 talc to starting to settle some cases, at
24 least.

25 Q. And the basis for your observation,
33 :1 that the company had begun to settle some of
2 the cases is the fact that, as reflected in
3 your notes, that they had accrued \$350 million
4 in Q2, and \$540 million in Q4?

5 Is that fair?

6 A. I'm not sure if it was -- was it Q4?

7 Q. Q3, sorry.

8 A. But the fact that they had reserved
9 the 350, and expect to reserve another 540.
10 Right. Correct.

11 Q. And what was your understanding of
12 the significance of the fact that the company
13 had reserved \$890 million in Q2 and Q3, for
14 this litigation? What was the significance of
15 that, to your understanding?

16 A. So, you know, we see litigation very
17 often in healthcare. And the overwhelming

18 majority of the time, it ends up not being
19 material -- not end up being a material
20 liability for the company.

21 And so, when we think about credit
22 risk, that's an important observation. But
23 when we see a company take a reserve, it --
24 it's one development that suggests that the
25 liability may be material here.

34 :1 It's not the only way. And it's not
2 a certainty. But that's one development that
3 is suggestive; the liabilities might be
4 material.

5 And so, that is something we try to
6 incorporate in the credit -- in the thinking
7 around the credit risk is -- well, it looks
8 like now the company is going to take some
9 degree of liability.

10 Q. And did you understand, or do you
11 understand, that when a company takes a
12 reserve, the company is making a judgment that
13 the liability is probable and estimable?

14 A. Yes. Based on the SEC or GAP
15 definitions. Correct. Yeah.

16 Q. And then, let me ask you about the
17 third bullet point that refers to the 25,000
18 talc cases. Do you see that?

19 A. Uh-huh. Yes.

20 Q. In that bullet point, it says that:

21 "The company estimates that the
22 liability could reach as much as \$7 billion to
23 \$7.5 billion, inclusive of all future cases."

24 Do you see that?

25 A. Yes.

35 :1 Q. And when you refer to the company in
2 that bullet point, who are you referring to in
3 particular, as the source of that information?

4 MR. STARNER: Objection.

5 You can answer.

6 A. That would be our -- that would be
7 from conversation we had with the company.

8 Q. Okay.

9 A. Most likely, Michelle Ryan.

10 Q. And what did you understand was the
11 significance of that estimate, that the
12 liability could reach as much as \$7 billion to
13 \$7.5 billion, inclusive of all future cases?

14 What did that mean?

15 MR. STARNER: Objection.

16 Q. Or what did you understand, based on
17 your conversation?

18 A. It sounds -- well, I don't recall.

19 But based on my reading of my notes, as I
20 would have written them, I think what I was
21 trying to communicate here to my colleagues
22 was that we had a conversation with
23 Johnson & Johnson. And, you know, although --
24 excuse me.

25 Although, you know, the company --
36 :1 you know, there's a lot of uncertainty from
2 the benefit of -- for the purposes of our
3 credit risk, it's important to understand what
4 the -- you know, maximum liability could be.

5 And I think what we gathered from
6 the company is that -- and maybe based on some
7 of the math in the two bullet points above,

8 the company is estimating that its liability
9 will be -- could be as much as \$7.75
10 billion -- \$7 billion to \$7.5 billion.

11 Which is, again, helpful for us to
12 think about it, you know, in the context of
13 Johnson & Johnson. The company generates, you
14 know, \$30 billion of EBITDA.

15 As a worst case scenario, you know,
16 what's -- what's the worst case scenario. So
17 even if it's not probable, but at least to
18 have some numbers around it can be very
19 helpful for us.

20 You know, I know the media had some
21 speculation with numbers that were higher than
22 that. So being able to say, you know, media
23 numbers are, you know, just, completely -- you
24 know, meaning when some of my colleagues will
25 sometimes see stuff in the media, and then,
37 :1 you know, send me a link or an article.

2 You know, hearing from the company
3 that they feel that the maximum is \$7 billion
4 to \$7.5 billion is reassuring in a sense,
5 relative to, maybe something that we read in
6 the media that said the liabilities could be
7 much more than that.

8 So it's helpful, even if it's not --
9 it doesn't become our base case expectation.

10 Q. And let me ask you to take a look at
11 your next bullet point at the top of the next
12 page. Do you see where it says:

13 "The company expects payment
14 would be \$2.5 billion per year, in each of the
15 next three years."

16 A. Yes.

17 Q. And is that also based on your
18 conversation with Michelle Ryan?

19 A. Yes. That's what -- that's what the
20 notes indicate.

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38 :24 Q. And let me just ask you a couple of
25 more questions about these notes. You were
39 :1 explaining this at the beginning. These are
2 notes that you prepared in advance of your
3 internal meeting with other analysts at S&P?

4 A. Yes.

5 Q. And those -- this -- this type of
6 internal note is something that you regularly
7 prepared in advance of internal meetings like
8 that?

9 MR. STARNER: Objection.

10 A. So, we have two types of internal
11 conversations. There is a more formal one,
12 which is when we kind of formally gather a
13 committee. There's various formalities and
14 processes around that.

15 The internal conversation is kind of
16 a less formal. So it's typically for
17 developments that are where we don't expect
18 there to be a change in the rating, but we
19 just want to run it by our colleagues to make
20 sure they feel similarly.

21 Or in a company that, you know, is

22 high profile and might be getting a lot of
23 media attention, we want our colleagues to
24 understand kind of what we're thinking. And,
25 you know, make sure that, kind of, the
40 :1 communication.

2 If anyone else is being asked about
3 it, they just kind of understand what's going
4 on, and why we're thinking about it. So there
5 are two types -- I guess there are at least
6 two types, maybe more, of reviews.

7 There's kind of the formal, internal
8 review, which we'll call it "committee." And
9 then there is a little bit more of an informal
10 mechanism, where we try to document it.

11 And sometimes, also, it's a way to
12 just kind of have some records for future
13 reference. Meaning, I might refer back to
14 this. If we have a committee several months
15 later, I've got all my notes drafted and
16 organized, and can refer back to that.

17 Q. And this meeting, these notes were
18 prepared in advance of what you would describe
19 as an informal review?

20 A. Yes.

21 Q. And did you circulate these notes to
22 your colleagues in advance of the meeting? Or
23 you just relied on them in the meeting?

24 A. No. I would circulate it to my
25 colleagues in advance of the meeting.

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42 :22 Q. Let's turn back to Exhibit 385. Do
23 you recognize this document, Mr. Kaplan?

24 A. Yes.

25 Q. And what is this periodic review?

43 :1 A. Okay. So, I mentioned there's two
2 types of reviews. Let's call it three types.
3 There's the informal type, which was the
4 previous document. And then we have a formal
5 review with a committee, that requires a
6 process.

7 There is a certain formality to this
8 document. It's created in a -- a system -- a
9 platform that we use.

10 So, within the formal reviews, there
11 is a periodic review, and there is an
12 event-driven review. The periodic review is
13 done every year. It's got to be done at least
14 once every 12 months. So it's calendar-based.

15 The idea being that if nothing has
16 happened over 12 months, at least the credit
17 should be reviewed by someone, other than just
18 a primary analyst. So that's this review.

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44 :3 They're just kind of making sure the
4 credit has been looked at. Kind of a quality
5 control mechanism. I think there may also be
6 a regulatory requirement for these.

7 And that's different than an

8 event-driven review, where we -- there's some
9 development, and there is a more formal
10 process committee. Again, usually three
11 voters. Often more.

12 Where the recommendation is, or the
13 discussion is whether the rating or output
14 needs to change. In the periodic review,
15 ratings do not typically change.

16 If there is a thought that a rating
17 needs to change as a result of a periodic
18 review, then it would be taken to an
19 event-driven review. So this is kind of the
20 annual check, up if you will, as an analogy.

21 Q. And who prepared this periodic
22 review?

23 A. So, the primary analyst is
24 responsible for the content. We do have

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45 :5 Q. And were you ultimately responsible
6 for the substance of this periodic review?
7 A. Yes.

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45 :13 Q. What -- what did you do with this
14 periodic review, after preparing it?

15 A. Okay. So, on this first page, it
16 says the sign-off analyst was Shannan Murphy.
17 She is the manager of the healthcare team,
18 more broadly. So I report to her.

19 And she was the one who I had
20 selected to be the reviewer. So we,
21 presumably, had a meeting that was 30
22 minutes -- possibly less -- where we kind of,
23 you know, went through this or said, "Oh, you
24 know, we just reviewed this very recently."

25 You know, these are the document --
46 :1 this is the documents from the internal
2 conversation. This is the forecast model.
3 This is the -- you know, the details on
4 liquidity. And, you know, the rating is still
5 right.

6 And, again, she may have had -- she
7 would have reviewed the document; possibly
8 asked some questions; or, you know, may
9 have -- it may have been a relatively quick
10 review if we had a -- a conversation touching
11 on those points, very recently.

12 "Okay, we just talked about this.
13 We just updated the rating." You know, we can
14 call that a fast-track. It's not a formal
15 term, but if we're both very fluent in what's
16 going on and feel comfortable with the rating,
17 we can kind of accelerate the process.

18 It becomes less of a -- a less
19 rigorous discussion because, a discussion
20 really has been had and the recollection is
21 still there.

22 Q. And in preparing this document, you
23 relied on your conversations with

24 Michelle Ryan?

25 A. In part. As well as the company's
47 :1 financial performance; financial reports;
2 earnings call. But that certainly was one
3 input.

4 Q. And let me ask you to turn to page
5 15 of 31 in the document. Do you see the
6 section labeled, "Talc settlements?"

7 A. Yes.

8 Q. And do you see the reference to the
9 \$7 billion to \$7.5 billion estimate? Do you
10 see that?

11 A. Yes.

12 Q. And do you see the reference to the
13 payment of 2.5 billion per year?

14 A. Yes.

15 Q. And am I correct that those bullet
16 points are the same bullet points that we had
17 seen in the prior document, which were your
18 internal discussion notes?

19 A. Yes.

20 MR. STARNER: Objection.

21 Q. And those estimates were based on
22 your conversations with Michelle Ryan?

23 A. The -- right. They are based on my
24 conversation with Michelle Ryan.

25 Again, it's not clear to me that
48 :1 they were estimates as much as worst case
2 scenario. But correct. They are based on
3 conversations with Michelle Ryan.

4 Q. And in the last bullet point, it
5 says:

6 "The company does not plan to
7 reserve those at this point. As each case has
8 distinct differences."

9 Can you explain that bullet
10 point?

11 A. So, again -- so it looks to me like
12 the number, \$7 billion to \$7.5 billion is what
13 the company had shared with us as being their
14 thoughts around a worst case scenario.

15 My experience with legal
16 liabilities, with other companies that I've
17 covered over the years, is that the accounting
18 requirements; or GAP; or SEC is that, there
19 are only -- a company would only record as a
20 reserve -- as a liability -- the amounts that
21 are probable and estimable.

22 So, those amounts are typically --
23 could be less than what the company's base
24 case expectation is. Certainly, it would be
25 less than what the company's worst case
49 :1 expectation is.

2 My understanding is that -- and my
3 experience is that usually those reserve
4 amounts tend -- not always, but can -- or
5 often below what the ultimate amount of
6 settlement is.

7 But different companies have
8 different standards. So, for example, the
9 standard of probable -- you know, what's the
10 amount that's probably going to be a
11 liability.

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51 :4 MR. SHAPIRO: Let me mark as
5 Exhibit 386 a document Bates stamped
6 "SPGI00011321" through "4." And for the
7 videographer, this is Exhibit -- or this
8 is tab F in the PDF.
9 (Exhibit 386 marked for identification)
10 BY MR. SHAPIRO:
11 Q. Do you recognize these notes,
12 Mr. Kaplan?
13 A. Ah, yes. This looks like another
14 internal conversation.
15 Q. These were notes that you prepared?
16 A. Yes.

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53 :10 Q. Okay. And what was the context in
11 which you prepared these internal notes?
12 A. So, it looks like there were two
13 questions or matters that we were looking to
14 discuss. That I was looking to discuss with
15 my colleagues.
16 One was just kind of an update on
17 the credit ratios. And then, the other -- and
18 I guess it was -- it was related to the
19 development that the -- the strategy
20 Johnson & Johnson had, of putting the talc
21 liabilities into an entity and settling it
22 that way.

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56 :24 Q. If you turn to the -- if you scroll
25 to the third page, it says "Item two.
57 :1 Cordoning off Talc Liabilities."
2 Do you see that? On page
3 three.
4 A. Yes.
5 Q. Okay. And do those notes reflect
6 what you learned in your conversation with the
7 company?
8 MR. STARNER: Objection.
9 A. Some of it might. Again, I don't
10 recall. I mean, some of it clearly is based
11 on media. I see some references here to some
12 of the research I've done myself, referring to
13 other companies that have taken this approach.
14 So it's hard for me to discern what
15 I may have heard directly from the company,
16 versus what I may have gathered from, you
17 know, other sources I viewed as reliable or --
18 and you can see here various links -- URL
19 links to articles that I referenced again for,
20 the benefit of my colleagues who may want to
21 read the entire article.
22 Q. Do you have underlying notes that
23 you took when you discussed the talc strategy
24 with Michelle Ryan, which you used to prepare

25 this internal document?

58 :1 A. I should. Those should be saved in
2 RDR. I try to be pretty diligent about that.

3 Q. And did you prepare this internal
4 document, based on the notes that you take of
5 your conversation with Michelle Ryan?

6 A. That would be one of the inputs that
7 would go into these -- into drafting these --
8 this memo, if you will.

9 Q. Okay.

10 A. In addition to media -- media
11 sources that we view as reliable. Company
12 press releases, et cetera.

13 Q. And do you see the reference to the
14 objectives with this tactic? I think that's
15 the fifth bullet point.

16 A. Yes. I see that.

17 Q. Those -- again, the identification
18 of those objectives, that's based on your
19 conversation with Michelle Ryan?

20 MR. STARNER: Objection. Calls
21 for speculation.

22 A. I -- some of it would be. Some of
23 it could be -- we definitely had a
24 conversation with Michelle about the
25 objectives. And if I actually -- this is a
59 :1 vague recollection -- was that maybe some of
2 it, she wasn't a hundred percent sure.

3 But, I mean, the first one -- the
4 idea -- the objective is that it allow the
5 company to move on. I believe that was
6 something that she shared with us. I think I
7 had asked her whether that prevents bellwether
8 cases, and I think she wasn't certain.

9 But that was, kind of, maybe
10 something I had read. And then, I think, I
11 don't recall about the punitive damages. If
12 that was also something that I had read, or
13 understood from other experience, versus
14 something that she had said.

15 But I think my recollection is that
16 it -- yeah. Well, the -- the two benefits are
17 it accelerates the resolution, and I think
18 it -- it contains or limits the -- the
19 maximum.

20 So both a timing perspective, and a
21 quantification. But I don't recall if bullets
22 two and three were something that Michelle had
23 said, or something that I had come to with my
24 own understanding or readings.

25 Q. But those -- those first two points
60 :1 about accelerating and capping the liability,
2 those are two points that you do recall
3 discussing with Ms. Ryan?

4 MR. STARNER: Objection.

5 Mischaracterizes the document.

6 Mischaracterizes the witness' testimony.

7 Q. You can answer, Mr. Kaplan.

8 A. I -- I don't recall -- well, the
9 first one, that it allows the company to move
10 on, to kind of settle it and put this behind
11 it, was something that I -- I recall hearing
12 directly from the company.

13 My understanding -- I think, if I
14 recall correctly, I had asked whether the --

15 it also prevents bellwether cases. Because
16 I -- the company had a large case -- was a
17 large liability, 4.7 that went down to 2.1.

18 So I was kind of curious about that
19 or interested in understanding that. That was
20 something that I understood to be a benefit,
21 but I don't recall if I heard that directly
22 from the company.

23 And then, whether it caps it. Yeah.
24 I don't recall. I don't recall. It's been a
25 while. I'm sorry. But if -- yeah.

61 :1 Q. What did you understand the company
2 meant when it referred to quantifying the
3 obligation?

4 A. So, again, I've had some experience
5 with companies -- companies that I covered
6 previously, that had liability relating to
7 pelvic mesh, medical device companies. And,
8 you know, it kind of stretched on for years
9 and years, and it kept growing.

10 So the ability to set a -- and
11 there's, you know, a lot of uncertainty, both
12 you know, in the media investors. So the
13 ability to establish an amount, and have that
14 be final, is a positive in a sense, from a
15 credit perspective, in the sense that it
16 reduces uncertainty.

17 So, again, hypothetically, from a
18 credit personality, you might rather a company
19 have -- let's say in the case of opioids, you
20 know, Johnson & Johnson, you know, has agreed
21 to a \$5 billion settlement.

22 We might rather see a company have a
23 \$5 billion settlement and be certain about it,
24 than have an estimate of \$3 billion and have,
25 you know, a 10 percent chance that it could be
62 :1 \$10 billion.

2 So that the certainty is positive,
3 from our perspective. And then from a timing
4 perspective, you know, as long as the case is
5 active, you know, there tends to be, kind of,
6 negative discussion in the media.

7 So, being able to resolve it and put
8 it behind you, is positive from a -- a
9 reputation perspective. You know, it moves
10 the conversation on from -- from -- the
11 conversation among investors from this matter
12 to, you know, the business fundamentals; the
13 profits; the growth; the opportunities.

14 So, there were clearly -- there
15 clearly are benefits, as we see it from -- as
16 we assess creditworthiness, to having this
17 behind -- resolved, in the sense that it's --
18 the amounts are quantified and final. And
19 that the matter is no longer uncertain.

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70 :12 Q. Let me ask you this question.
13 Earlier in the deposition, we saw a note in
14 which the -- in which you reported that the
15 company had estimated \$7 billion to \$7.5
16 billion, as what you described as a worst case
17 scenario.

18 Do you remember that?

19 A. Yes.

20 Q. Do you remember that projection
21 changing over the course of the next several
22 months in your conversations with the company?

23 A. I do not -- I do not recall any

24 other -- yeah. No, I don't.

25 Q. So you don't recall the \$7 billion
71 :1 to \$7.5 billion projection changing in one
2 direction or the other?

3 A. As a worst case -- as a worst case
4 scenario, no, I do not. I do not recall any
5 change to that.

6 Q. Okay.

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78 :23 Q. And did you understand -- did you
24 understand that it was important to
25 Johnson & Johnson to remove that negative
79 :1 outlook?

2 MR. STARNER: Objection.

3 A. So, I don't -- well, it's hard to
4 say. You know, when -- the primary benefit
5 for most companies, I think that they gain
6 from their rating, is that -- the interest
7 rate in which lenders will lend to them.

8 So, a lot of lenders look at the
9 ratings that we, Standard, or S&P Global, or
10 other rating agencies provide, to rely on that
11 for credit worthiness.

12 So, a company whose rating is
13 Triple A, would presumably get -- be able to
14 borrow money at a lower rate, than a company
15 that was a rating notch down; Double A plus.

16 But my understanding is that the
17 incremental difference is extremely modest at
18 those levels. So, we're not as close to the
19 pricing.

20 But from an economic perspective,
21 you know, I think the value -- there is some
22 value, I think, of every higher rating in
23 terms of borrowing cost. But it's relatively
24 modest at that level.

25 For Johnson & Johnson, because the
80 :1 Triple A rating is so rare, I believe we only
2 have two corporate companies that have
3 Triple A. Johnson & Johnson and Microsoft, at
4 this point.

5 It used to be more common, but
6 companies have gradually increased their
7 leverage over time. So, because it's rare,
8 it's a little bit of a -- a -- it can't be
9 perceived as kind of being a sign of high
10 quality.

11 Obviously, the rating only reflects
12 the credit worthiness, but Johnson & Johnson
13 is a company that, you know, takes pride in
14 its quality and reputation. So it could be
15 used as kind of a -- you know, strengthening
16 the company's image.

17 You know, it's our understanding
18 that, you know, Johnson & Johnson does view
19 the Triple A rating as being more than just

20 the -- you know, the credit benefit in terms
21 of borrowing cost.

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82 :2 (Exhibit 392 marked for identification)
3 MR. SHAPIRO: 392. Thank you.
4 THE WITNESS: Okay. I have an
5 email here from Duane to me, on November
6 1st 2021.
7 BY MR. SHAPIRO:
8 Q. Do you see that it refers to a
9 discussion earlier in the day of Project
10 Diamond?
11 A. Yes.
12 Q. And do you recall discussing Project
13 Diamond with Michelle Ryan and
14 Duane Van Arsdale?
15 A. Yes.
16 Q. Okay. And what was your
17 understanding of Project Diamond?
18 A. So, the company was planning to
19 announce a change to the business, where they
20 were going to separate the consumer business.
21 So, Johnson & Johnson has three --
22 three large businesses. A pharmaceutical
23 business. A medical device business. And a
24 consumer business.
25 And so, they were going to separate
83 :1 that, using some mechanism which was not yet
2 defined. That would, you know, make the
3 company, you know, change the dynamics of the
4 company, so the company would be smaller.
5 Less diverse.

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83 :25 Q. And did you make notes of your
84 :1 meeting with Mr. Van Arsdale and
2 Michelle Ryan, relating to Project Diamond?
3 A. I believe I would have. Yes.
4 Q. And do you expect that those notes
5 are in RDL?
6 A. RDR.
7 Q. RDR.
8 A. Yes.
9 Q. Sorry.
10 MR. SHAPIRO: And let me mark
11 as Exhibit 393, a document Bates stamped
12 "SPG11115_001" through "1115_004." And
13 this is tab N.
14 (Exhibit 393 marked for identification)
15 THE WITNESS: Okay. So yeah.
16 I see a document with a lot of green
17 highlighting.
18 BY MR. SHAPIRO:
19 Q. Do you recognize these notes,
20 Mr. Kaplan?
21 A. Yes.
22 Q. Are these your notes?
23 A. Yes.
24 Q. And are these the notes you took

25 when you met with Mr. Van Arsdale and
85 :1 Ms. Ryan?

2 A. No. So these notes -- so I
3 mentioned kind of when we had the more formal
4 review, there are certain processes. We have
5 a web-based platform that we use to create the
6 document that we share with the committee. We
7 refer to that document as a "RAMP."

8 Sometimes, I find it cumbersome to
9 work in the web-based platform, so I would
10 draft it in Microsoft Word, and then kind of
11 paste it in. Sometimes, again, this is kind
12 of my own document. It's not kind of the
13 formal record.

14 I would use kind of green
15 highlighting to -- as a reminder that either
16 I'm satisfied with this section, or that I've
17 pasted it into the RAMP. Green being go, or
18 good.

19 And then, you know, if there are
20 sections that there's -- you know, I still
21 have questions, I might highlight those as
22 yellow.

23 So, this is kind of -- I would say
24 kind of my preparation or work-in-process
25 document. Here are some things that I had
86 :1 planned to include in the -- in the RAMP.

2 So, this is kind of my own loose
3 form notes in preparing the -- the formal RAMP
4 document.

5 Q. So you would have taken the -- you
6 would have taken the portions of these notes
7 that you've highlighted in green and inputted
8 that into the company's RAMP system?

9 A. Into S&P Global's system, to prepare
10 the RAMP. Yes.

11 Q. To prepare the "ram." And what does
12 "ram" stand for?

13 A. I'm sorry. It's "RAMP." R-A-M-P.
14 I'm not sure.

15 Q. Okay. And the RAMP system is the
16 system through which you present your
17 discussion points to other people at S&P, in
18 preparation for committee review meeting?

19 A. So, the system is not called "RAMP."
20 We have a lot of systems that we use. But the
21 system is called "RAMP Online" or referred to
22 as "ROL."

23 And that's the platform we use to
24 prepare the document. Once we're done, we
25 create a PDF, and then we share it with
87 :1 colleagues that way. So --

2 Q. You share it with colleagues in
3 preparation for what meeting?

4 A. If a formal event-driven committee.

5 Q. Okay. And the prospect of Project
6 Diamond resulted in an event-driven formal
7 committee meeting?

8 A. Yes.

20 into bankruptcy to accelerate settlement of
21 talc litigation. This reduces the risk of
22 punitive damages, speeds up the process and
23 enhances JNJ's negotiating position.
24 Ultimately, the Court decides how much the
25 company has to set aside."

89 :1 Do you see that?

2 A. Yes.

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91 :11 Q. And it says:
12 "Ultimately, the Court decides
13 how much the company has to set aside. We
14 assume \$4 billion."

15 Do you see that?

16 A. Yes.

17 Q. And that assumption was based on
18 your conversations with the company?

19 MR. STARNER: Objection.

20 A. No. I'm sorry. That was not --
21 that number was something that we -- was my
22 recommendation, I think initially. And then
23 it was accepted by my colleagues.

24 And so, we'd been -- at this point,
25 this is kind of the established assumption.
92 :1 You know, I think at this point, the company
2 has served \$2 billion. We assumed that that
3 was kind of a starting point. Layered on some
4 conservatism.

5 It looks like we had some numbers,
6 you know, in terms of a worst case scenario.
7 So this seemed to be, you know, based on a
8 little bit of a gut feeling to be conservative
9 but not extremely so, as a reliable base case.

10 But that was a number -- the
11 \$4 billion was a number we came to --
12 initially, I came to, but ultimately, it's a
13 decision that's done with my colleagues, that
14 we came to.

15 And that's what -- that's what we
16 have currently in our measure of debt. So,
17 our current measure of debt includes an
18 assumption of \$10 billion of liabilities for
19 legal matters; \$5 billion for opioid;
20 \$4 billion for talc; \$1 billion for
21 Respiradal.

22 And then we take that \$10 billion,
23 and we discount it by 21 percent. Which is
24 a standard haircut to reflect the tax benefits
25 of those liabilities. So that's \$7.9 billion.

93 :1 And that's what we have reflected in
2 our measure of debt today. A \$7.9 billion
3 adjustment for after tax; for legal matters;
4 comprehensive of those three -- three big
5 issues.

6 Q. Did you discuss the \$4 billion
7 assumption with the company?

8 A. I think I've communicated it. I
9 would not necessarily have discussed it with
10 them before we came to a conclusion. But I
11 would have communicated that it may be in some
12 of the publications.

13 So, for example, the adjustments we

14 make to debt, investors have access to that.
15 So an investor who subscribes to our platform
16 can see that \$7.9 billion adjustment.

17 So I would have been transparent
18 with any investor who would have asked me, if
19 the company asked me. And I would have been
20 -- freely communicated that to the company,
21 once it was -- and it would have been freely
22 communicated to that company.

23 So, I believe I communicated to the
24 company, but that would have not -- that would
25 not have been something -- excuse me -- that
94 :1 would not have been something that we arrived
2 at in conversation, or in dialogue with the
3 company.

4 That would be something that we
5 would have independently arrived at, you know,
6 as part of our role as independent valuers
7 of credit risk.

8 Q. And you didn't discuss with the
9 company whether or not that estimate was
10 reasonable?

11 A. I don't recall. And I would not
12 have felt any reason to be compelled to
13 discuss that with the company.

14 Those are the type of things --
15 those decisions that we make independent --
16 independently.

17 Q. What information did you receive
18 from the company, which led you to conclude
19 that \$4 billion was a reasonable estimate?

20 MR. STARNER: Objection.

21 A. So, I think one data point would be
22 the \$2 billion reserve. You know, compounded
23 by our knowledge and experience that those
24 reserves tend to be kind of low end of the
25 range.

95 :1 Yeah, I don't recall if the seven
2 point -- \$7 billion to \$7.5 billion, worst
3 case scenario was kind of still in my
4 recollection at that time. But that would
5 have been another variable. So somewhere
6 between two and seven and a half. Could have
7 been that.

8 And then, you know, we often try to
9 layer on a little bit of conservatism. So
10 just for example, if a company is projecting
11 five to seven percent growth, we might, you
12 know -- for the coming year, we might say,
13 well, let's assume, be a little bit
14 conservative. Assume four to five.

15 So, again, as a credit rating
16 agency, lenders tend to be more focused on the
17 downside than the upside, because of the
18 nature of the investment, which doesn't --
19 they don't share in the upside. They share
20 primarily on the downside.

21 So we tend to be a little bit
22 conservative. So there is some, you know,
23 measure of conservatism in there, relative to
24 the reserve of \$2 billion.

25 You know, I guess it doesn't feel
96 :1 like, with those numbers, the \$2 billion
2 dollars -- the \$7.5 billion dollars -- it
3 doesn't feel like you could be off too much.

4 And, again, a couple billion is not very
5 material for a company of this scale.

6 Q. And you --

7 A. There is not a -- kind of a -- an
8 exact formula how we got to it. It's
9 judgment, if you will.

10 Q. And the \$2 billion reserve that
11 you're referring to, is that the amount that
12 Johnson & Johnson set aside to fund the
13 anticipated trust in bankruptcy?

14 A. Right. Right. Yes. I don't
15 recall. Again, I'm trying to recreate the
16 thought process. I don't remember exactly
17 when we heard about the \$2 billion.

18 But if we heard about the \$2 billion
19 before we established a \$4 billion, then that
20 would have been something we would have input.
21 It's hard to recall my thoughts from many
22 months ago.

23 MR. SHAPIRO: Let me mark as
24 Exhibit 394, a document Bates stamped
25 "SPGI1124_1" through "_66." And that's
97 :1 tab O in the PDF.

2 (Exhibit 394 marked for identification)

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98 :8 MR. SHAPIRO: Sorry. Go ahead.

9 THE WITNESS: This looks to
10 be -- this is the -- the formal committee
11 package event-driven review that was --
12 we pursued, following the information
13 about the company's plan to separate its
14 consumer health business.

15 I recognize the package. Yes.

16 BY MR. SHAPIRO:

17 Q. And you've prepared this package in
18 the aftermath of learning about Project
19 Diamond?

20 A. Right. Likely with some assistance
21 from our kind of more junior staff. But yes.
22 I would have been responsible for the contents
23 of it.

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102 :21 Q. And if you turn to page 12 of 66, do
22 you see there is a litigation update?

23 A. Yes.

24 Q. And the information there reflects
25 the information that was in your notes that we
103 :1 looked at earlier? Do you see that?

2 A. I mean, I haven't -- I haven't
3 cross-referenced it, but that would make
4 perfect sense to me. That's what I would
5 expect.

6 Q. And do you see in the second bullet
7 point, you explain to the committee that the
8 filing of the subsidiary into
9 bankruptcy reduces the risk of punitive
10 damages, speeds up the process, and enhances
11 JNJ's negotiating position?

12 Do you see that?
13 A. Yes.
14 Q. And those are all -- those are all
15 points that you communicated to the committee?
16 A. Yes.

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105 :9 Q. And when you ultimately shared the
10 credit note with Johnson & Johnson, did they
11 take issue? Did Johnson & Johnson take issue
12 with your \$4 billion assumption?
13 MR. STARNER: Objection.
14 A. I don't recall if we were explicit.
15 But I think the company -- I would say you
16 know, kind of our conversations with
17 Johnson & Johnson have been -- our rapport or
18 dialogue is -- I feel is relatively open. And
19 so, they appreciate, you know that we are
20 independent.
21 We do -- the -- when we send the
22 draft of a note to the company, if the company
23 has any feedback, we save that as a record,
24 and, also in the RDR system. So that -- that
25 would be in that record.
106 :1 I don't recall if they -- I don't
2 recall if I was explicit about the \$4 billion.
3 I don't recall if the company had any
4 objection to that.
5 Meaning, if possibly, I had that as
6 explicit and they said, remove it. I don't
7 recall that being the case.
8 Q. Were there --
9 A. There would be a record of that.
10 Q. Were your conversations with the
11 company consistent with your assumption of
12 \$4 billion?
13 A. Yes.

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108 :17 Q. We were in Exhibit 394. And I
18 wanted to ask you about page -- let me ask you
19 to turn to page 22 of 66.
20 A. Okay.
21 Q. Do you recall that this is the
22 Project Diamond presentation that
23 Michelle Ryan and Van Arsdale made to you on
24 November 1st?
25 A. Yes.
109 :1 Q. And we'll attach this to the
2 committee package? Correct?
3 A. Correct.
4 Q. And if we turn to page 32 of 66,
5 there is a pro forma for the spun off JNJ
6 consumer company. Do you see that?
7 A. Yeah. Let me just flip that. But
8 yes. I see that.
9 Q. Let me -- let me back up for a
10 second. JNJ RemainCo. Is that the spun off
11 consumer health business? Or is that -- is
12 that what remains of the existing business?

13 A. You know, so that is on slide --
14 okay, I guess on page 31 and 32 of 66. The
15 JNJ -- the expectation -- well, this is, as a
16 simplification, this projection assumes that
17 the consumer businesses separated on
18 January 1st 2023, which is a simplifying
19 assumption.

20 And so, 2021 and 2022 represents the
21 company as is. And 2023 and beyond, represent
22 the remaining pharmaceutical and medical
23 device company without the consumer business.

24 Q. Got it. Got it. Okay. And do you
25 see on page 32 of 66, there is a line item
110 :1 that says, "Talc Opioid Settlement Payments?"
2 Do you see that?

3 A. Yes.

4 Q. And did you understand that RemainCo
5 would be paying the talc opioid settlement
6 payments as a result of this presentation?

7 MR. STARNER: Objection.

8 A. Yes. That was my interpretation.

9 Q. And did you discuss the settlement
10 payments in the presentation that you received
11 from Michelle Ryan and Van Arsdale?

12 A. So, the presentation would have been
13 part of a meeting where they went through it
14 and discussed it.

15 I don't remember if I had specific
16 questions, or how much detail they elaborated
17 on it. But it would have been something that,
18 you know, we would have been interested in,
19 for sure.

20 Q. And do you see that
21 Johnson & Johnson is projecting roughly
22 \$11 billion in settlement payments for talc
23 and opioid?

24 A. Yes.

25 Q. And was that information an input
111 :1 into your assumption, that the talc
2 liabilities could be resolved for roughly
3 \$4 billion?

4 MR. STARNER: Objection.

5 Lacks -- mischaracterizes the testimony.

6 A. This -- well, this, we established a
7 4 billion-dollar estimate before we got this
8 presentation. So this -- that we haven't
9 changed it as a result of this presentation.

10 But it -- so, I guess I would say
11 the \$4 billion was not influenced by this, in
12 the sense that again, we got this in -- was it
13 November of 2021? I believe the
14 \$4 billion-dollar estimate, you know, preceded
15 that in time.

16 Q. And nothing you heard from the
17 company in this November 1st presentation
18 changed your \$4 billion-dollar assumption?

19 A. That's correct.

20 Q. And that presentation included a
21 description of the anticipated settlement
22 payments for talc and opioid?

23 A. Correct? That's what --

24 MR. STARNER: Objection.

25 Sorry.

112 :1 THE WITNESS: That's what --

2 MR. STARNER: Mischaracterizes

3 the document. Lacks foundation.
4 THE WITNESS: Yeah. Right. I
5 mean I wouldn't say that -- this is -- my
6 interpretation is not that this -- the
7 company has great confidence in this.
8 But that this is a base case that we
9 could use for our purposes. I don't know
10 if, you know --
11 BY MR. SHAPIRO:
12 Q. My question, Mr. Kaplan, was just
13 simply whether or not the anticipated
14 settlement payments for talc and opioid were
15 part of the presentation on November 1st.
16 A. Yes.
17 Q. That was the subject of the company
18 address. Correct?
19 A. Yes.

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119 :4 MR. SHAPIRO: There we go. So
5 this is Exhibit 396. And it's Bates
6 stamped "SPGI1143001" through "1143006."
7 BY MR. SHAPIRO:
8 Q. Mr. Kaplan, earlier, you testified
9 about the credit note that would follow the
10 committee review. Do you recall that?
11 A. Yes.
12 Q. And is this the credit note that
13 followed the committee review?
14 A. This is a draft of it. There could
15 be multiple iterations, but this is one draft.

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120 :16 Q. And the credit note that was
17 ultimately published, is publicly available.
18 Correct?
19 A. Correct. I mean, we do have a
20 subscription service. So not everyone is --
21 it's not accessible to everybody, but it's --
22 it's available to all of the subscribers.
23 Q. And so, the credit note that was
24 ultimately published is a document that would
25 have been subject to Johnson & Johnson's
121 :1 input?
2 A. Yes.
3 Q. Okay. And let me ask you to turn to
4 page two of this document. At the bottom of
5 the page. Do you see that their credit note
6 included an estimate of litigation liabilities
7 at the bottom of this page?
8 A. Yes.

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121 :24 Q. And did the estimate that you
25 ultimately included in the credit note
122 :1 incorporate your 4 billion-dollar assumption
2 for talc?
3 A. Yes. Yes. So this represents

4 \$5 billion for opioids. Four for talc. One
5 for Respiradal, which is \$10 billion pretax.
6 Discounting it 21 percent for tax, gets you to
7 7.9, which I just wrote at about \$8 billion.
8 Q. And understanding that as you sit
9 here this morning, you don't know whether this
10 final paragraph is the paragraph that made it
11 into the final?
12 Understanding that point, you
13 don't recall any conversation with the
14 company, where the company said that the talc
15 estimate incorporated into the litigation
16 estimate should be higher or lower?
17 MR. STARNER: Objection.
18 A. Correct. I have no recollection of
19 the company objecting to the numbers that I
20 put in the final report, or that I shared with
21 them.

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160 :3 Q. Okay. But I guess my question is,
4 there was no point in time where JNJ came to
5 you and said, "Here is our estimate of what it
6 would cost to litigate all of the cases in
7 court, you know, into the future?"
8 MR. SHAPIRO: Hang on.
9 Objection. Leading. And asked and
10 answered.
11 Q. Go ahead. Sorry.
12 A. Yeah. We never had a discussion. I
13 don't recall any discussion of the company
14 providing an estimate of what it would cost to
15 litigate -- yeah.
16 You know, obviously, there is a lot
17 of uncertainty, you know, with that, and how
18 that pattern of wins versus losses goes. And
19 so, we never had such a discussion in that
20 way.
21 Q. Right. And just in terms of the
22 uncertainty, can you give me a sense -- you've
23 talked a little bit about the reputational
24 issues.

25 Were there other kind of issues
161 :1 of uncertainty that would come in play, in
2 your mind?

3 A. So, I mean, the longer, you know,
4 the company's name is dragged in the media in
5 a negative way. Then it also, kind of, you
6 know, increases the harm. You know, if it's
7 short-lived and everybody moves on.

8 But if it drags on for a decade,
9 it's harder to shake that negative reputation.
10 So, in that sense, you know, a quicker
11 resolution from -- we viewed as being more
12 favorable from a credit perspective.

13 Q. And is it fair that these estimates
14 that we've been talking about were -- that the
15 company was talking to you about, was in the
16 context of a -- a quicker settlement, you
17 know, to get that certainty? And not in
18 connection with projecting out what it would
19 cost to litigate the cases into the future?

20 MR. SHAPIRO: Objection.

21 Leading. It's also unclear as to which
22 estimates you're talking about.

23 A. We -- I don't think it was
24 specified. I don't -- I never thought of it
25 as being an estimate in one form of settlement
162 :1 versus the other. I was just thinking about
2 it in economic terms.

3 Q. But you understood when they talked
4 about, you know, settling talc, you understood
5 it to be a settlement in the near term.
6 Right?

7 MR. SHAPIRO: Objection.

8 Leading.

9 A. So, we understood that they had a
10 presence to -- to, you know, get this resolved
11 quicker. After the company started to reserve
12 some amounts in late Q4 -- in late 2020, we
13 understood that that had become part of the
14 strategy.

15 You know, I think when thinking
16 about those numbers, you know, there was kind
17 of the precedence of some of the settlements
18 that had occurred.

19 There were, in some of the prior
20 files, 25,000 claimants times a hundred
21 thousand dollars, or whatever it was. So,
22 maybe that's how the numbers came about.

23 But it was -- yeah. I mean, so I
24 guess thinking -- reflecting on it, perhaps
25 that was the intent. You know, it wasn't
163 :1 something that I had placed a lot of focus on,
2 as this being the cost, one way versus
3 litigation being the cost the other way.

4 You know, I think the litigation,
5 while obviously, it's longer, it's also less
6 certain. So, you know, I guess with the
7 benefit of hindsight, maybe it makes sense to
8 say that, the estimate was more of a
9 settlement approach.

10 But it wasn't something that I was
11 thinking about as kind of being a -- an amount
12 that's dependent on which approach is taken.

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165 :6 Q. This is a document we looked at
7 earlier, Mr. Kaplan.

8 A. Okay.

9 Q. If you go down to the bottom
10 section? This is the section called "Talc
11 settlements."

12 A. Okay.

13 Q. And these are your notes. Right?

14 A. Yes.

15 Q. And these are notes where you're
16 talking about certain settlements that JNJ
17 entered into, in connection with the talc
18 litigation?

19 A. Correct.

20 Q. And you were asked some questions
21 about that -- the last sentence; that number
22 \$7 billion to \$7.5 billion? Do you recall the
23 questions you got on that?

24 A. Yes.

25 Q. And just so I'm clear, that number
166 :1 is not a number that you recall the company
2 providing to you, and suggesting that reflect
3 the cost of litigating the talc litigation in
4 court into the future?

5 MR. SHAPIRO: Hang on.

6 Objection. Leading.

7 A. Not -- not specifically. I mean,
8 two points. One is that, again, the way I've
9 articulated here, which would have been, is
10 one that is as much as. So this is kind of a
11 worst case scenario.

12 And, again, I have no recollection,
13 or no -- I did not pay attention to the
14 distinction between settling versus
15 litigating. It's more focused on what's the
16 economic cost.

17 Q. Okay. So this was a -- an estimate
18 of what the company indicated would be the
19 economic cost to settle the talc litigation?

20 MR. SHAPIRO: Objection.

21 Leading. Asked and answered.

22 A. To resolve.

23 Q. Okay.

24 A. What I would think of as "resolve."

25 So I would -- wherever I write "settle," you
167 :1 think of it as being resolved, rather than
2 maybe the legal distinction between settling
3 versus litigation.

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169 :14 Q. But you understood that in order to
15 get the certainty we've been talking about,
16 and trying to resolve this, they couldn't let
17 the litigation, you know, continue for
18 decades. Right?

19 MR. SHAPIRO: Objection.

20 Leading. Asked and answered.

21 A. So the question is, did I understand
22 that it would take decades to litigate this?
23 Again, I'm -- I would have thought that an MDL
24 process would have maybe taken a couple of
25 years. I don't know.

170 :1 I didn't -- I didn't -- I understood
2 that there was a desire to accelerate it.
3 There was an unwillingness or, you know, a
4 willingness to litigate if it was not going to
5 be resolved for this amount. So, therefore,
6 it would not likely cost more than this.

7 I know that the company -- the
8 company had shared with me that they had won
9 many cases. You know, in these -- either
10 initially, or on appeal.

11 And so, again, the exact route to
12 getting to that amount, you know, was not
13 something that I focused on. You know, I was
14 conservative, in assuming that those amounts
15 were paid out soon, that's a conservative
16 assumption.

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171 :7 Q. But I'm just kind of focusing on the
8 conversation you had with the company. Did
9 you understand that they were, you know,
10 exploring a potential settlement of the talc
11 litigation? And that was informing any
12 estimate they are providing to you?

13 MR. SHAPIRO: Objection.

14 Leading. Asked and answered. And lacks
15 foundation.

16 A. So, the inclusion of the information
17 in these two indented bullet points kind of
18 refer to settlements that were made. And a
19 willingness to settle.

20 And, again, a desire to accelerate
21 it. You know, a willingness to settle more
22 broadly at, you know, a price -- at a price
23 that they felt was -- I don't know if
24 "reasonable" is the right word -- but
25 acceptable.

172 :1 Q. Will you agree with me, Mr. Kaplan,
2 that the discussion of the talc settlements,
3 these are settlements that the company agreed
4 to, outside of court?

5 Is that consistent with your
6 understanding?

7 A. These cases that are referenced in
8 the indented bullet points? Yes. Those are
9 settled out of court.

10 Q. And so, you were talking to
11 Johnson & Johnson about talc cases that they
12 had settled outside of court. Right?

13 A. Yes.

14 MR. SHAPIRO: Just hang on.
15 Objection to the last question.

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174 :25 Q. But you understand that, ultimately,
175 :1 the company was required to pay this judgment
2 of \$2.1 billion as part of this -- this case
3 that was litigating. Right?

4 A. Yes. That was not -- that did not
5 yet occur at the date of this document. But
6 yes.

7 Q. And you know, you'll agree with me
8 that in terms of that, the \$7 billion to \$7.5
9 billion number -- you'll agree with me that if
10 you have, you know, a few of these type of
11 judgments of this magnitude, that would
12 quickly exceed that estimate. Right?

13 MR. SHAPIRO: Objection.

14 Leading. Speculative.

15 A. Yes. 2.1 times only a small number
16 exceeds seven and a half.

17 Q. And there are tens of thousands of
18 these cases that are still pending. Right?
19 At in point in time?

20 A. Correct.

21 Q. Okay. And so, is it fair to say

22 that the idea of \$7 billion to \$7.5 billion,
23 that that would be -- that wouldn't
24 necessarily be an estimate of what the
25 potential exposure would be if all of these
176 :1 cases were litigated to a verdict?

2 MR. SHAPIRO: Objection.

3 Leading. Asked and answered.

4 A. I think -- I think what you're

5 saying is logical.

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177 :18 Q. Okay. And if you scroll down to the
19 talc settlement section again? And if you go
20 to the top of the next page, you see there is
21 a reference to:

22 "The company expects payment
23 would be \$2.5 billion a year in 2021, 2022,
24 and 2023."

25 Do you see that?

178 :1 A. Yes.

2 Q. Is that consistent with
3 your understanding that they were talking
4 about the idea of structuring a potential
5 settlement, where there would be a payout in
6 these periods of time?

7 MR. SHAPIRO: Objection.

8 Leading. And vague.

9 A. You know, I hear what you're
10 suggesting. I don't recall paying a lot of
11 attention to the -- the -- the exact mechanics
12 of how that settlement would work out.

13 Q. But you'll agree with me that
14 what -- you're saying here -- this is again
15 based on your conversation with the company.

16 That they were telling you that
17 to the extent they were estimating \$7 billion
18 to \$7.5 billion to resolve the talc
19 litigation, that they would anticipate paying
20 out on that amount, to resolve those claims
21 over these three-year period.

22 Is that fair?

23 A. Yes. So the statement says, "the
24 company expects." That would have been
25 something that I heard directly from the
179 :1 company. As opposed to another statement that
2 doesn't say that. That would be my own
3 thinking.

4 Q. Okay. And is that -- so, was it
5 your understanding that the company did not
6 expect that their estimate of \$7 billion to
7 \$7.5 billion would reflect having to litigate
8 these claims past 2023?

9 A. That would be implied. Yes.

10 Q. And is that consistent with your
11 discussions with the company?

12 A. Again, I don't recall the
13 conversation. But this is, you know, kind of
14 a reflection of my -- a recollection of the
15 conversation at that point, on the date of
16 this document.

17 That it implied that the amounts
18 would be as much as seven and a half billion
19 dollars, and that they would be paid out over

20 the next couple of years.

21 So, again, it's the company's
22 estimate of worst case scenario. And it's the
23 company's expectations for payments.

24 Q. Okay. But is it fair that you don't
25 recall any discussions with anybody at JNJ, to
180 :1 suggest their estimate of the \$7 billion to
2 \$7.5 billion, to resolve the talc liability,
3 would involve litigating talc claims, you
4 know, past 2023?

5 Is that fair?

6 MR. SHAPIRO: Objection.

7 Leading. Asked and answered.

8 A. Right. Not specifically. Again,
9 the company did articulate in the other email,
10 that if they don't settle for that amount,
11 then they could contemplate litigating.

12 But in this scenario, they
13 contemplated resolving it fully by 2023.

14 Q. Okay. So just to make sure I
15 understand that. So is it your understanding
16 that the company indicated that if they
17 couldn't settle for this amount, then they
18 would litigate the talc claims going forward?

19 A. Yes.

20 MR. SHAPIRO: Objection.

21 Leading. And misstates his testimony.

22 Q. So that was a yes, Mr. Kaplan?

23 A. Yes. My understanding was that if
24 the company could not settle for \$7 billion to
25 \$7.5 billion, that they would contemplate
181 :1 litigating it for a longer period of time.

2 Even though it would take a longer
3 period of time.

4 Q. Understood.

5 A. Or notwithstanding the fact that it
6 would take a longer period of time. Yes.

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191 :6 MR. STARNER: 399. Excuse me.

7 Let's mark exhibit -- lets mark
8 Exhibit 399, which is Bates stamped,
9 "SPGI80_1" through "5."
10 (Exhibit 399 marked for identification)

11 BY MR. STARNER:

12 Q. If you look at the top here, you'll
13 see an email -- it's an email from Ms. Kwan to
14 you, in April 2019. Do you see that,
15 Mr. Kaplan?

16 A. Yes.

17 Q. Does this refresh your recollection
18 about who Patricia Kwan is?

19 A. Yes. I mean, I don't know who she
20 is, but I vaguely recall this. This was, you
21 know, very early in the development, in terms
22 of the talc case, as we were thinking about
23 it.

24 But okay.

25 Q. Okay. What is Ms. Kwan's role at
192 :1 S&P?

2 A. She looked to be a director. I
3 don't think I had much -- I had much
4 interaction with her, beyond this -- this one

5 dialogue. But I remember -- I remember now
6 something about -- I was -- yeah.
7 I mean, I was thinking her last name
8 is spelled with "Q." But yeah. I don't think
9 I ever -- I don't think I ever met her. I
10 don't know that we've had interactions other
11 than this dialogue, where she had some sort of
12 statistical tool that was coming up with a --
13 I think a worst case scenario.
14 If I recall correctly, I think maybe
15 she even published an article. And she -- on
16 S&P's platform. And she asked me to review a
17 paragraph, to make sure that I was not
18 uncomfortable with it.
19 But we have not had interaction
20 since then. And I don't think we've had much
21 interaction previous to this, either.
22 Q. Okay. But you understand she's a
23 director at S&P?
24 A. Yes.

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193 :10 Q. But you recall getting this email
11 from Ms. Kwan, in April of 2019?
12 A. I recall -- I recall now, vaguely,
13 some interaction around this.

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197 :23 Q. So if you look at this email, this
24 is an email that Ms. Kwan forwards to you. If
25 I could direct your attention to the third
198 :1 bullet there. Number three.
2 It says:
3 "Praedicat's preliminary
4 economic disaster scenario estimate for a
5 range of products containing talc contaminated
6 with asbestos totals \$84 billion."
7 Do you see that?
8 A. Yes.
9 Q. Did you understand that this
10 was their estimate of what -- you know, the
11 losses associated with, you know, talc-related
12 litigation, potentially could be in the
13 scenario they are running?
14 A. Yes.
15 MR. SHAPIRO: Objection.
16 Foundation.
17 A. Yes. I understood that. Again, I
18 didn't find it to be analytically meaningful
19 for the rating. Because I understood this to
20 be, kind of, again, a low probability outcome.
21 But I understood that it -- you know, it could
22 be that amount.
23 And, again, it's based on what I
24 understood to be some sort of, you know -- you
25 know, quantitative model which, you know, I
199 :1 think I was probably a little bit suspicious
2 of.
3 But, okay. Yes. Yeah. I was aware
4 of that.

5 Q. Okay. And you understood S&P had
6 retained and engaged this outside vendor,
7 Praedicat, to run these -- these analyses.
8 Right?

9 A. Like I said, it wasn't done on my
10 initiative. Or I don't think any of my
11 colleagues on the healthcare side. I think
12 that -- I forget where Patricia is within the
13 organization. But somehow, she had decided to
14 do this and looked at some -- you know, some
15 scenarios. And I think, again, she had
16 published a report.

17 But I -- the point being that, it
18 wasn't -- when we got this information, it
19 didn't -- it didn't really move us much, as
20 we discussed -- as I mentioned earlier, about
21 kind of tail risk. And then, reliability.

22 You know, kind of a model-driven
23 estimate. It felt kind of speculative.

24 Q. But you understood this was their
25 analysis, you know, seeking to estimate what
200 :1 would be a potentially worst case scenario, in
2 connection with talc litigation? Correct?

3 A. Yes. I understood that. That
4 that's what it was. Yes.

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203 :6 Q. My question was, did you understand
7 this attachment to be a discussion of kind of
8 talc litigation, in connection with the -- the
9 work Ms. Kwan was doing to try to estimate --
10 you know, get an estimate of what the losses
11 could be, associated with talc litigation.

12 MR. SHAPIRO: Same objection.

13 A. Yes. I understood that, you know,
14 the discussion -- the dialogue; the details
15 that were associated with trying to quantify
16 the worst case scenario for talc.

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205 :24 Q. So this is -- this is where, you
25 know, this -- this vendor, I guess in
206 :1 connection with working with Ms. Kwan at S&P,
2 was estimating that talc liability, associated
3 with asbestos contamination mass litigation,
4 like the Ingham case, could potentially result
5 in damages reaching \$83.5 billion. Right?

6 A. Correct.

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208 :19 Q. I just have a question about two
20 these last documents. If we could bring up
21 Exhibit 393 real quick, please.

22 So, if we look at these notes,
23 these are the highlighted green notes we were
24 looking at a bit earlier. Do you remember
25 looking at this, Mr. Kaplan?

209 :1 A. Sure. This was with the November

2 date?
3 Q. Yeah. If you go -- please go to the
4 top. Let's orient ourselves, in terms of
5 timing.
6 A. Yeah.
7 Q. So this was some notes you took as
8 part of some meetings you had in November of
9 2021. Right?
10 A. Correct. And then a committee that
11 followed that about the divestiture or
12 separation of the consumer segment.
13 Q. And, ultimately, I think you said,
14 these notes ultimately made their way into the
15 RAMP kind of report that was put together.
16 Right?
17 A. Correct.
18 Q. And it also formed the basis for
19 what ultimately became the credit note that
20 was prepared?
21 A. Correct.
22 Q. Is that fair?
23 A. Correct.

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211 :16 Q. Okay. And the reference there to
17 \$4 billion for talc, I think you characterize
18 that as a guesstimate. Do you see that?
19 A. Yes.
20 Q. And that's a reference to your
21 guesstimate of the amount that would
22 potentially be used to settle the talc
23 litigation in the bankruptcy?
24 Is that right?
25 A. Correct.
212 :1 Q. If we go to the next page, if you
2 could, under the -- I think it's the section
3 "Recent News/Performance." And you were asked
4 some questions about one of these paragraphs.
5 I think it's the one beginning
6 with "The company has filed a subsidiary." Do
7 you see that?
8 A. Yes.
9 Q. And let me just ask you, at the end
10 of that bullet, you see it says, "We assume
11 \$4 billion." Do you see that?
12 A. Yes. Let me just read the bullet.
13 Q. Oh, for sure.
14 [Witness perused document.]
15 A. Yes. Okay.
16 Q. That's the same guesstimate of
17 \$4 billion we just talked about. Right?
18 A. Yes.
19 Q. And that's a guesstimate of what
20 potentially would be the amount that
21 Johnson & Johnson would use to settle the talc
22 litigation in the bankruptcy. Right?
23 A. Correct.
24 Q. That's not an estimate of what it
25 would potentially cost to litigate the talc
213 :1 claims outside of bankruptcy; is it?
2 A. So, again, at this point, our
3 assumption is that the bankruptcy technique
4 will proceed, and the \$4 billion is a

5 reflection of that expectation.

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214 :1 Q. Understood. And I'm just asking
2 about what you're assuming here on this
3 document, Mr. Kaplan. It says, "We assume
4 \$4 billion." I just want to confirm, that
5 assumption of \$4 billion is to settle the talc
6 litigation in bankruptcy. Right?
7 A. I would say that the assumption is
8 \$4 billion. And the assumption is that the
9 settlement will occur in bankruptcy.
10 Q. Okay.
11 A. If you're trying to link the two to
12 say one is dependent on the other, I don't
13 know that that necessarily is the case. I
14 haven't contemplated, you know, what that
15 number would be, if it were to -- the scenario
16 were to change.

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214 :24 Q. All right. And I think you were
25 asked a question about this, but I just want
215 :1 to confirm, this bullet point that talks about
2 the company filing subsidiary for bankruptcy,
3 just to be clear, it talks about some -- some
4 issues around what filing for bankruptcy might
5 mean.
6 Now, and I think you were asked
7 some questions about, well, who told you that.
8 Did someone from JNJ say these things to you?
9 And I just want to be clear,
10 it's your testimony that you don't recall
11 somebody from JNJ saying anything specifically
12 about any of the pieces in this bullet here?
13 About reducing the risk of damages -- punitive
14 damages; speaking about the process; or
15 anything like that. Correct?
16 MR. SHAPIRO: Objection.
17 A. I think I do recall JNJ -- Michelle
18 mentioning that the benefit is that it
19 resolves the issue more quickly.
20 In terms of punitive damages, and in
21 terms of negotiating position, that, I don't
22 recall what sources of information led me to
23 that conclusion.
24 Whether it was my own experience;
25 discussions with investors; media articles I
216 :1 was reading; or I mentioned I had reached out
2 to a number of colleagues who have companies
3 who have gone through a similar process.
4 So that all helped educate me on
5 what this process is all about.
6 So, I guess, the "speeds up the
7 process," is, I think, something I heard from
8 JNJ. My recollection is that I heard that
9 from JNJ or from Michelle Ryan.
10 The other two points, I don't recall
11 where I gathered that information.
12 Q. Thank you. And just in terms of

13 speeding up the process, that goes back to
14 what we've been talking about in terms of
15 certainty. Right? It gives the company some
16 certainty in the near term. Right?
17 A. Certainty, as well as the cloud of
18 reputation risk is kind of put behind it.
19 With certainty comes kind of no longer being a
20 topic of interest.
21 So the -- the speeding up the
22 process, yeah -- is -- has, you know, both the
23 benefit of certainty; but also the benefit of
24 not -- the company's reputation is no longer
25 being dragged through the streets.

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219 :24 Q. Okay. So, I just want to make sure
25 I understand this before I move on. So, this
220 :1 idea that -- the company is unable to settle,
2 in bankruptcy, for somewhere around what you
3 guys assume to be \$4 billion, that would be a
4 material development.
5 And it could potentially
6 adversely affect their credit rating. Fair?
7 A. It could. It could.

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228 :2 Do you see Exhibit 384 is on
3 the screen? And that's the one entitled
4 "JNJ -- Internal Conversation --
5 October 13th 2020."
6 Do you see that?
7 A. Yes.
8 Q. And I just wanted to confirm that
9 this is a document that you created in the
10 ordinary course of business at S&P. Correct?
11 A. Yes.
12 Q. And this was a document that was
13 kept in the ordinary course of business at
14 S&P. Correct?
15 A. Yes.
16 Q. And this is a document containing
17 information that you had knowledge of, at the
18 time you created the document?
19 A. Yes.
20 Q. Okay. And similar questions for
21 Exhibit 385. 385 is the periodic review
22 document. And did you say that you supervised
23 the creation of this document?
24 A. Yes.
25 Q. And did you do that in your ordinary
229 :1 course of business of S&P?
2 A. Yes.
3 Q. And it was kept in the ordinary
4 course of business at S&P. Correct?
5 A. Yes.
6 Q. And this document contains
7 information that you had knowledge of, at the
8 time the document was created. Correct?
9 A. Yes.
10 Q. Okay. And similar questions for

11 Exhibit -- and that last exhibit was 385, for
12 the record.

13 Similar questions for 386.

14 Exhibit 386, which is entitled
15 "Johnson & Johnson -- Internal Conversation,
16 August 26th 2021."

17 And am I correct that this is
18 another document that you created in the
19 ordinary course of business, and was kept in
20 the ordinary course of business at S&P?

21 A. Yes. One comment on this document.
22 I just -- this was a document that I reviewed.
23 So just on the background section, there is
24 that bold on 10/28/2021. That has a typo.

25 That should have said
230 :1 "10/28/2020" was when we initially set the
2 rating outlook to negative.

3 Q. Thank you for clarifying that.
4 Again, Exhibit 386 is a document that you
5 created in the ordinary course of your
6 business at S&P, and that was kept in the
7 ordinary course of business at your company?

8 A. Yes.

9 Q. And this is -- and this document
10 contains information that you had knowledge
11 of, at the time the document was created.
12 Correct?

13 A. Yes.

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230 :23 Q. So, I don't know if you went through
24 this with Mr. Shapiro, but just to confirm, do
25 you see that this is a document that was
231 :1 produced by S&P, and it's from you,
2 David Kaplan, and it's a meeting invite, dated
3 July 19th 2021?

4 And it's to Michelle Ryan and
5 others, with the subject "JNJ S&P Ratings.
6 Discuss Media Reports about Cordoning off Talc
7 Liabilities."

8 Do you see that?

9 A. Yes.

10 Q. And this meeting invite,
11 Exhibit 387, does this appear to be a document
12 that you would have created in the ordinary
13 course of your business at S&P? And that was
14 kept in the ordinary course of business at
15 your company?

16 A. Yes.

17 Q. Okay. And, obviously, the meeting
18 invite contains information in terms of the
19 subject; the people you typed in the email to;
20 that you were knowledgeable about, at the time
21 you created it. Correct?

22 A. Yes.

23 MR. STARNER: Objection.

24 Vague.

25 Q. Okay. And then, jumping past some
232 :1 exhibits. Almost through here. Exhibit 393.
2 This is the document with the green
3 highlighting. Let me just get the title for
4 the record.

5 Okay so Exhibit 393, this is

6 the document titled, "Johnson & Johnson --
7 Committee. November 2021." With the green
8 highlighting.

9 Do you see that document?

10 A. Yes.

11 Q. Okay. And Exhibit 393 is a document
12 that you created in the ordinary course of
13 your business, and that was kept in the
14 ordinary course of your business, at S&P.
15 Correct?

16 A. Just to clarify, it was created in
17 the ordinary course of business. When you say
18 "kept in the ordinary course of business," can
19 you just clarify?

20 Q. Yeah. Just meaning that it was
21 produced by your counsel with -- with markings
22 on it, that it came from S&P.

23 A. Okay.

24 Q. And so, just -- you know, your
25 normal understanding of this is a document
233 :1 that's kept, you know, as a business record of
2 S&P.

3 MR. STARNER: Objection.

4 A. Okay. I mean, just to distinguish.
5 And, again, this might be kind of an S&P
6 speak. But this was kind of a work in process
7 document that was only kind of a placeholder
8 to be saved in the RAMP.

9 Q. Right.

10 A. So it's -- there was -- you know,
11 there is -- the formal record would have been
12 the RAMP package. But this was a document
13 that was created in the normal course of
14 business. Yes.

15 Q. Okay. Right. And this isn't a
16 document that came from you, personally? It's
17 a document that was kept in the ordinary
18 course of business at S&P. And that's why it
19 was produced to us by S&P. Right?

20 A. Yes.

21 Q. Okay. And this is a document that
22 contains information that you had knowledge
23 about, at the time the document was created.
24 Correct?

25 A. Yes.

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234 :14 Q. Okay. Okay. And Exhibit 396, this
15 is a document titled "Johnson & Johnson's
16 Triple A ratings Affirmed. Outlook Remains
17 Negative."

18 Do you see that?

19 A. Yes.

20 Q. Okay. And this is a document that
21 you created in the ordinary course of your
22 business at S&P; and that was kept in the
23 ordinary course of business by S&P as a
24 business record. Correct?

25 A. Correct.

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235 :21 Q. Did you -- did you create
22 Exhibit 396? Did you write it or supervise
23 the creation of the document,
24 "Johnson & Johnson's Triple A Ratings
25 Affirmed," where it says it at the top?
236 :1 A. Yes.
2 Q. Okay. And you did that in the
3 ordinary course of your business at S&P.
4 A. Yes.
5 Q. Okay. And you had knowledge about
6 the matters contained in this document, at the
7 time it was created?
8 A. Yes.

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243 :14 Q. Okay. And because JNJ has the
15 highest possible credit rating of Triple A,
16 does that mean that S&P has, and continues to
17 rate JNJ as having really the lowest risk of
18 bankruptcy, of pretty much any company in the
19 world?
20 A. Yes.
21 Q. And when Michelle Ryan, or
22 Mr. Van Arsdale, or others from JNJ would talk
23 to you about the talc litigation, did they
24 ever say anything, or communicate to you
25 anything along the lines that the talc
244 :1 litigation was causing JNJ to be in financial
2 distress?
3 A. No. No. Even -- no.
4 Q. And same question. Did anyone from
5 JNJ ever communicate to you that the talc
6 litigation was causing any of JNJ's
7 subsidiaries or affiliates to be in financial
8 distress?
9 A. No. We viewed JNJ as extremely
10 strong. Even with the assumption of, you
11 know, billions of dollars of liability.
12 Q. And, in fact, did Ms. Ryan,
13 Mr. Van Arsdale, and others from
14 Johnson & Johnson, give you reason to believe
15 that JNJ and its affiliates were financially
16 able to handle the talc litigation?
17 A. I suppose in giving us a worst case
18 scenario of \$7 billion to \$7.5 billion, which
19 is barely material, you know, that would be
20 implied.

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246 :6 MR. SHAPIRO: So it's
7 Exhibit 401, I'm marking "SPGI433_001"
8 through "008."
9 RE-EXAMINATION BY MR. SHAPIRO:
10 Q. And, Mr. Kaplan, is this the final
11 version of the credit note that you were
12 referring to earlier, when we looked at the

13 draft credit note?

14 A. Yes.

15 Q. And this is the credit note that
16 Standard and Poor's published after the
17 announcement of the divestiture of the
18 consumer health business?

19 A. Correct.

20 Q. And JNJ would have had the
21 opportunity to review this credit note for
22 accuracy. Correct?

23 A. Correct.

24 Q. And if you turn to page two of the
25 note, you'll see the same paragraph that we
247 :1 saw in the draft note, which includes an
2 estimation of litigation liabilities.

3 Do you see that?

4 A. Is that one in this paragraph here?
5 "Moreover?"

6 Q. Yes.

7 A. Okay. I see it. So what's your
8 question.

9 Q. That -- the published version of the
10 credit note included the same estimate of
11 litigation liabilities that we had seen in the
12 draft note. Correct?

13 A. Correct.

14 Q. And S&P's estimate was \$8 billion
15 post-tax, and \$10 billion pre-tax. Correct?

16 A. Inclusive of opioids, talc, and
17 Respiradal. Correct.

18 Q. And included \$5 billion for opioid;
19 \$4 billion for talc; and \$1 billion for
20 Respiradal. Correct?

21 A. Correct. Although I don't know that
22 we made those individual amounts public. But
23 that's clearly what we were thinking is.

24 Q. Okay.

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248 :8 Q. Just real quick. With respect to --
9 do you understand that the debtor is a company
10 called "LTL?"

11 A. Correct. Yes.

12 Q. That's the JNJ subsidiary that's
13 filed for bankruptcy. Right?

14 A. Yes.

15 Q. You have not analyzed their
16 financial condition or ability to deal with
17 any type of -- of talc litigation, going
18 forward, outside of bankruptcy; have you?

19 A. No.

20 Q. Okay.

21 A. No. As a standalone, no.

22 Q. Okay. And you understand that there
23 was a company, before the restructuring, there
24 was a subsidiary called "JJCI" that had the
25 talc liabilities, that were then ultimately
249 :1 moved into the LTL entity?

2 Did you understand that?

3 MR. BLOCK: Objection.

4 Misstates the evidence.

5 Q. You can answer, Mr. Kaplan.

6 A. Not specifically focusing on the

7 name of the entity, but I understood the idea
8 that this -- the subsidiary that has a
9 liability was being moved into the LTL entity.
10 Q. Okay. Did you do any analysis of
11 that particular subsidiary before the
12 restructuring, whether or not they had, as a
13 standalone company, the wherewithal to -- you
14 know, potentially, to deal with or fund talc
15 litigation, going forward?
16 A. No.
17 Q. So you didn't analyze the financial
18 distress of either that subsidiary or the
19 ultimate debtor entity, at any point in time;
20 did you?
21 A. That's correct. I did not.
22 Q. Okay.
23 A. We did not.

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251 :15 Q. Well, now, I just want to make sure
16 I don't get confused. This credit rating that
17 just got published. This is published, of
18 course, when the company -- the relevant
19 company with the talc liability is in
20 bankruptcy. Right?
21 A. Correct.
22 Q. And this -- again, the credit rating
23 with the 4-billion-dollar number is used for
24 talc liability, that is based on the
25 assumption that money would be used to resolve
252 :1 talc litigation in bankruptcy. Right?
2 MR. SHAPIRO: Objection. Asked
3 and answered. I think at this point,
4 you're badgering him.
5 BY MR. STARNER:
6 Q. I just want to make sure the
7 assumption is for this document. The number
8 in this document that was published. Right?
9 Is the assumption is,
10 resolution in bankruptcy. Right?
11 A. The assumption is \$4 billion. And
12 the assumption is that the path in which it
13 will be resolved is in bankruptcy. I don't
14 think one should infer, necessarily -- one can
15 infer that the number would be different if
16 there was a different mechanism of resolution.
17 Q. But you have not analyzed what,
18 potentially, would be required to resolve any
19 case outside all the -- the talc litigation
20 out of bankruptcy. Right?
21 A. Well, we did have a \$4 billion
22 estimate before we learned about the LTL
23 strategy. So, again, that estimate was not
24 conditioned upon the bankruptcy strategy,
25 specifically.

KIM, JOHN 1/31/22

KIM, JOHN 1/31/22 - 01/31/2022

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21 :2 Q: Okay. Great. Thank you.
3 So I want to go back -- well, let's see.
4 I want to go back before you took your position at LTL.
5 So when -- so that we can orientate ourselves, when did
6 you -- you said last year. Approximately when did you
7 take on your position of, I think you said general
8 counsel at LTL?
9 A: Chief litigation officer.
10 Q: Thank you. So when about was that?
11 A: October 10th of last year.
12 Q: Okay. So going back before October 10th when I
13 think you said you were head of really the products
14 liability group within the law department. Is that
15 right?
16 A: Yes.
17 Q: Okay. And just tell me a little more, what
18 kind of stuff were you doing in that role?
19 A: So I was administratively the head of that
20 group. So I had six or seven attorneys, six or seven
21 paralegals and administrative staff that reported to me.
22 All product liability litigation for all Johnson &
23 Johnson companies worldwide was within that group.
24 So I was basically overseeing all product
25 liability or the -- I was overseeing the lawyers who
22 :1 oversaw daily all the product liability litigations that
2 were faced by any Johnson & Johnson company worldwide.
3 Q: Okay. And would that include the talc cases or
4 talc liability?
5 A: That did include the talc cases, yes.

KIM, JOHN 1/31/22 - 01/31/2022

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25 :4 Q: And when you say 'restructuring,' what do you
5 mean by restructuring?
6 A: At the time there was a contemplated
7 restructuring -- well, what I mean by that was a
8 divisional merger where the current -- at that point
9 Johnson & Johnson Consumer, Inc. would be involved in a
10 divisional merger and create companies, one of which
11 would have talc liabilities and the other would have the
12 remaining business of that JJCI.
13 Q: And why was that being considered?
14 A: The consideration of the restructuring was
15 because of the -- I would say the -- because of the
16 litigation -- the increase -- the rapid increase in
17 litigation that we were seeing with the talc cases
18 causing financial distress on the company and looking --
19 as we were looking at all -- different options to deal
20 with this exponentially growing liability, at some point
21 the only viable option that we could think of was a
22 restructuring followed by a bankruptcy. So we were
23 exploring that possibility.
24 Q: Okay. And when you say -- I think you said --
25 'financial distress' I think your words were 'on the
26 :1 company.' What do you -- when you say 'on the company,'
2 what company are you referring to?

3 A: That would be JJCI.

KIM, JOHN 1/31/22 - 01/31/2022

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28 :14 Q: (By Mr. Jonas) You made a statement that -- I
15 think you said JJCI had the talc liability, something to
16 that effect. What do you mean by that?
17 A: Well, I mean that generally the company,
18 operating company, that is responsible for the product
19 has responsibility for the financial liability arising
20 out of litigation regarding that product.
21 So JJCI had responsibility -- I'll break
22 it up in two ways. When JJCI sold the product, it was
23 responsible financially for all the litigation that
24 arose out of that product.
25 We also know that prior to JJCI selling
29 :1 that product, it took on, it assumed, it gave
2 identification for any liability prior to itself selling
3 it. So JJCI was the entity that was wholly responsible
4 for the talc liability.

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29 :25 So do you have a recollection as to a
30 :1 date? You mentioned 2021 when the name Project Plato,
2 if you will, was first ascribed to the project; and I
3 appreciate that. Was it early '21, middle of -- '21? Do
4 you have any recollection?
5 A: I think it was -- I think Project Plato was,
6 you know, somewhere in the summer of 2021. There's a --
7 you know, it went in fits and spurts. So there was a
8 time when we were -- I think there may have been a time
9 where the Project Plato team was set up.
10 Q: Uh-huh.
11 A: But it really didn't do anything for a period
12 of time. And then there was a period where it started
13 doing more work.
14 So I would say from, you know, the late
15 spring to the summer is when, you know, Project Plato
16 was being set up and then work was being done. But,
17 again, it was sporadic during that period.

KIM, JOHN 1/31/22 - 01/31/2022

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31 :8 Q: Okay. I just want to go back for a minute.
9 When you were supervising other lawyers and one of your
10 responsibilities was -- were talc cases and talc
11 liability, were you handling both litigation and
12 settlements or was there a distinction between those?
13 A: So I would be overall responsible for all of
14 the talc liability, both the litigation and the
15 resolution of it. So I would be involved in all aspects
16 of the litigation.

KIM, JOHN 1/31/22 - 01/31/2022

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32 :5 Q: Okay. And there were a number of verdicts
6 finding both J&J and JJCI liable -- well, let me just
7 say liable in connection with talc claims, correct?

8 A: There were. There were also defense
9 verdicts --
10 Q: Sure.
11 A: -- at that time, yes.
12 Q: Okay. And do you know how many verdicts there
13 were finding J&J liable for talc liability?
14 A: I don't have the list in front of me.
15 Q: Okay.
16 A: But there were a number of cases, yes.
17 Q: Okay. And I take it you're familiar with the
18 Ingham case?
19 A: I am.
20 Q: And what is your familiarity with that case?
21 A: Well, again, I was responsible for the talc
22 liability through, you know, the day-to-day operations
23 that someone else was handling. But I was involved in
24 the case. I actually attended most of that trial.
25 Q: Okay. And that was in St. Louis, correct?
33 :1 A: That was in St. Louis, yes.
2 Q: And there was a multi-billion-dollar verdict
3 against J&J and JJCI in the Ingham case, correct?
4 A: There were -- there was a multi-billion-dollar
5 verdict against both companies.
6 Q: And I say 'you.' I'm referring to Johnson &
7 Johnson and JJCI. But you appealed the trial verdict,
8 correct?
9 A: We did.
10 Q: And ultimately appealed that to the Supreme
11 Court or attempted to appeal that to the Supreme Court
12 of the United States, correct?
13 A: We filed for a certiorari to the United States
14 Supreme Court, yes.
15 Q: And it was denied, correct?
16 A: Cert was denied in that case, two recusals.
17 Q: Do you recall just about when that cert denial,
18 when that came down?
19 A: I think the denial of cert was in the summer of
20 2021.

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34 :6 Let me ask you. As a result of cert being
7 denied in Ingham, Johnson & Johnson paid out, I think it
8 was close to \$2 1/2 billion, correct?
9 A: It did. It paid on the judgment.
10 Q: Okay. And that payment was made, I take it,
11 shortly after cert was denied, right? So we're talking
12 about the summer of 2021?
13 A: Very shortly after cert was denied we made the
14 payment, yes.

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46 :8 Q: (By Mr. Jonas) Okay. Do you recall whether at
9 any point in time Johnson & Johnson had hopes of using
10 the Imerys bankruptcy as a global resolution for talc
11 liability?
12 A: I'm sorry. What was your question?
13 Q: It's too complicated.
14 (The record was read as requested.)
15 A: I do recall that Johnson & Johnson and
16 Johnson & Johnson Consumer, Inc. had a deal with the

17 Imerys TCC to resolve most of the talc liability through
18 the Imerys bankruptcy.
19 Q: (By Mr. Jonas) And is it fair to say that was
20 not successful?
21 A: I would say it fell through, yes.

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49 :2 Q: (By Mr. Jonas) I want to take a look at what's
3 now been marked Exhibit 134. Mr. Kim, at the top here
4 you'll see an e-mail from Mr. Haas of March 17, 2021;
5 and it includes Greg Gordon, Andrew White and yourself.
6 Obviously it says, 'Greg, thank you, greatly
7 appreciated.'
8 Let me ask you, does this help refresh
9 your recollection now that you can see that Mr. Gordon
10 of Jones Day was in communication with you and Mr. Haas
11 in the middle of March 2021? Would this help refresh
12 your recollection as to whether Project Plato was in
13 place on or about the middle of March?
14 A: So what I would say is, you know, in the middle
15 of March I think it -- I don't know what this invite --
16 I don't recall what this invite was and what has been
17 redacted here. But I will say that in March, that is
18 consistent with my recollection of our discussing with
19 Jones Day various, you know, restructuring options.
20 Project Plato, again, was a designation
21 that was made at some point, probably after this, for
22 the due diligence project. So, you know, I think this
23 confirms that in the spring of 2021 we were discussing
24 restructuring with Jones Day.

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50 :3 You'd agree with me Mr. Gordon is a
4 bankruptcy lawyer at Jones Day, right?
5 A: He is, yes.
6 Q: And so in this context when you say
7 restructuring, you mean that in March of 2021 relating
8 to talc liability, at least as a strategy, you were
9 discussing bankruptcy as an option, right?
10 A: What I would say is that in March of 2021 we
11 had been discussing a variety of options, including
12 restructuring and a bankruptcy of the restructured
13 entity.

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51 :15 Q: (By Mr. Jonas) We'll pull up Exhibit 135. And
16 this is an e-mail from yourself dated April 7, 2021 to
17 Mr. D. Prieto, Mr. Haas, Mr. Jung and Mr. Andrew. Do
18 you see that?
19 A: Yes.
20 Q: That was the basis of my question, just to
21 orientate you who -- let me ask you this: The subject
22 line is J&J - call to discuss potential restructuring
23 alternatives. Do you see that?
24 A: Yes.
25 Q: And you were organizing a meeting for a few
52 :1 days later, right?
2 A: I was.

3 Q: Why were you inviting Mr. Jung to a question --
4 I'm sorry, to a call to discuss potential restructuring
5 alternatives?
6 A: He's in the business development group that
7 handles -- like Mr. Andrew, handles corporate M&A and
8 other transactions.
9 Q: Okay. Got it.
10 And then down below, optional attendees
11 include Mr. Gordon. Is Mr. Lewis, is he at Jones Day,
12 do you know?
13 A: He is.

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55 :4 Q. (By Mr. Jonas) Okay. So we're looking at
5 Exhibit 137. It's an e-mail from Mr. Christopher Andrew
6 dated July 12th. And I see you there, Mr. Kim, among
7 others. And the 're' line or the subject line is
8 'Project Plato kick-off.' Do you see that?
9 A: I do.
10 Q: And does this help refresh your recollection as
11 to it was about the middle of July that the Project
12 Plato team began to have regularly scheduled weekly or
13 more frequently meetings to discuss Project Plato?
14 A: I think this is consistent with my
15 understanding that at some point around this time period
16 regular meetings were being set for the due diligence
17 project.
18 Q: Okay. The due diligence project which came to
19 be known as Project Plato, right?
20 A: Correct, yes.

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62 :3 Q: Okay. So do you recall this Project Plato
4 kick-off meeting in the middle of July 2021?
5 A: I recall that it was taking place. I don't
6 recall whether I attended.
7 Q: Okay. Let me ask you, do you recall in July of
8 2021 a Wall Street Journal story relating that -- I
9 don't want to say revealed, but it was a story that came
10 out that made reference to counsel for J&J telling
11 plaintiffs' attorneys who were pursuing talc claims that
12 J&J was considering putting a corporate subsidiary in
13 Chapter 11? Do you recall that story?
14 A: I recall there were a series of stories that we
15 believe came from plaintiffs' lawyers about a potential
16 restructuring that was fed to the press. I don't know
17 if I remember that specific one. I don't think I've
18 seen that specific one.
19 Q: Okay.
20 A: But I do know that there were those stories.
21 Q: Okay. And your view is that those stories
22 emanated from plaintiffs' lawyers?
23 A: That is my belief, yes.

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63 :1 It is the case that in July of '21
2 Johnson & Johnson was considering a restructuring that
3 involved the bankruptcy of a subsidiary, correct?

4 A: I think at this time we were looking to see
5 whether one was even feasible.
6 Q: Okay.
7 A: So at the time that these stories were coming
8 out, there had been no decision made on any particular
9 transaction going forward; and we were looking at
10 options. But our main focus at that time was continuing
11 to litigate these cases.

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64 :21 Q: And let me ask you, strategically, what were
22 the advantages of this strategy -- I'll call it the
23 bankruptcy strategy -- to J&J?
24 MS. BROWN: I'm going to object as calling
25 for speculation.
65 :1 I'll also instruct you, Mr. Kim, not to
2 reveal any legal advice or legal discussions with inside
3 or outside counsel.
4 Q: (By Mr. Jonas) You can answer as best you can,
5 Mr. Kim.
6 A: Could you repeat your question.
7 Q: Sure.
8 MR. JONAS: I'll have it read back.
9 (The record was read as requested.)
10 MS. BROWN: Same objection and
11 instruction.
12 A: I would say that the advantages of bankruptcy
13 inure to the benefit of both JJCI and the creditors. I
14 think, as we laid out in our first-take declaration and
15 in the informational statement, that the bankruptcy
16 option is the most efficient way to get a full and fair
17 resolution of the -- of this litigation to JJCI and to
18 the claimants.
19 So when you look at this -- a bankruptcy
20 of LTL compared to other options, it is the most
21 efficient way to get a full and fair settlement for the
22 parties.
23 Q: (By Mr. Jonas) When you use the word
24 'efficient,' what do you mean by that?
25 A: Well, primarily what I mean is if you have
66 :1 30,000-plus cases currently and, you know, multitudes
2 more in the future, it is virtually impossible to try
3 all those cases in any reasonable amount of time to, you
4 know, get whatever result you can get.
5 A: bankruptcy, on the other hand, is a much
6 more efficient process to deal with all current and
7 future liabilities in a reasonable amount of time, much,
8 much more reasonable than trying to go through the tort
9 system and effectuate a resolution of the litigation.
10 Q: Do you believe that the bankruptcy strategy
11 would help accelerate a resolution of talc liability?
12 A: Well, I don't want to call it bankruptcy
13 strategy. What I would say is, you know, using the
14 bankruptcy system, again, it provides a much more
15 efficient, faster way to deal with the number of claims
16 that is part of the litigation and is better for all
17 parties, including claimants.
18 Q: You mentioned benefits to claimants. You
19 mentioned benefits to JJCI. Do you also believe there
20 would be benefits to J&J?
21 A: Clearly there might be benefits to J&J as a
22 shareholder of JJCI. You know, J&J is the principal
23 shareholder. So a resolution of the claims for JJCI, it

24 would basically put a definition on whatever that
25 liability is and would benefit its shareholders and the
67 :1 shareholders of J&J, for that matter.
2 Q: It would cap, c-a-p, the talc liability,
3 correct?
4 MS. BROWN: Objection, lacks foundation.
5 A: Well, if you mean capping in terms of -- it
6 would put a definitive amount to it. It would do that,
7 yes.
8 Q: (By Mr. Jonas) Okay. And aside from the
9 benefits J&J would receive as a shareholder or owner of
10 JJCI, wouldn't this strategy also assist J&J in
11 resolving its direct liability?
12 MS. BROWN: Objection, assumes facts,
13 lacks foundation, calls for speculation.
14 Q: (By Mr. Jonas) You can answer.
15 A: So I would say I don't believe J&J actually has
16 direct liability in this litigation. You know, again, I
17 think the resolution of the talc liability would benefit
18 all parties.

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73 :3 Mr. Kim, I'm showing you what's been
4 marked as Exhibit 139, which is an e-mail of July 20,
5 2021 from Mr. Haas to Mr. Darby, John Darby, and to you.
6 And it looks to be forwarding an e-mail and the re line
7 is 'The Wall Street Journal: How bankruptcy could help
8 Johnson & Johnson corral vast talc litigation.'
9 Do you see Exhibit 139?
10 A: I do see the exhibit.
11 Q: There's a reference here at the beginning of
12 the story; you can see it at the bottom of the screen.
13 It says, 'The company has told personal injury attorneys
14 it is considering filing a' -- stop rolling.
15 'The company has told personal injury
16 attorneys it is considering filing a subsidiary for
17 bankruptcy which legal experts say could prompt injury
18 claimants to settle.'
19 Do you see that?
20 A: I see that, yes.
21 Q: Are you aware of whether or not any Johnson &
22 Johnson either personnel or outside lawyers were telling
23 personal injury attorneys in or about July of 2021 that
24 J&J was considering filing a subsidiary for bankruptcy?
25 A: No, no. This is an example where the --
74 :1 basically, again, with the last article, our
2 understanding and my belief was that plaintiffs put that
3 story into the media. And then other media outlets -- I
4 think it might be the same one -- keep repeating that
5 one, you know, that article.
6 So, again, I don't know what this is
7 about.

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105 :13 Q: Okay. And let me ask you. How was the
14 \$2 billion QSF amount determined?
15 A: I was not involved with that.
16 Q: Okay. You have no idea how the \$2 billion
17 figure amount was arrived at?
18 A: I don't know how it was arrived at. My

19 understanding is that that was thought to be a
20 sufficient amount, but I was not involved in that
21 process.
22 Q: Well, how do you know that that was thought to
23 be a sufficient amount?
24 A: That was just my understanding from
25 conversations. But I was not involved in the \$2 billion
106 :1 amount.
2 Q: Okay. And you said 'my understanding from
3 conversations.' Conversations with whom?
4 A: I'd say internal conversations with the law
5 department. I don't know whether I had conversations
6 with anyone from finance. Primarily from internal
7 conversations with the law department.
8 Q: And when you say 'law department,'
9 particularly --
10 A: The lawyers, yeah.
11 Q: No, no. But particularly which people, names?
12 A: It would be Erik Haas and Andrew White.
13 Q: So let me ask you, other than conversations you
14 had with Erik Haas and Andrew White, is that kind of the
15 limit of your knowledge relating to the \$2 billion
16 amount, QSF amount?
17 A: Jones Day counsel may have been involved. I'm
18 not -- I can't presently recall a specific conversation.
19 Q: Okay. Have you ever seen any analysis which
20 was used to arrive at the \$2 billion amount?
21 A: I have not.
22 Q: Do you know if any analysis exists?
23 A: I've never seen or heard of a written analysis
24 of that, no.
25 Q: So I want to make sure I get the scope of your
107 :1 testimony correct. I think you've said that all you
2 know about the \$2 billion QSF is that based on
3 conversations with Mr. Haas and perhaps one other lawyer
4 at J&J, it was thought to be sufficient. Is that what
5 you said?
6 A: I did. I would say that it was -- maybe
7 sufficient is wrong. Appropriate. It would be the
8 appropriate amount to put into a QSF.
9 Q: And when you say 'appropriate,' what do you
10 mean by using that word?

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107 :16 A: No. I think this is -- the extent of it is I
17 can say that would it be appropriate in the circumstance
18 to have a \$2 billion QSF.
19 Q: (By Mr. Jonas) Okay. Well, let me ask you
20 this: As chief legal officer of LTL, speaking for the
21 debtor, for LTL, does LTL believe that a \$2 billion QSF
22 is appropriate?
23 A: Yes.
24 Q: And why?
25 A: Because \$2 billion is a substantial amount of
108 :1 money. It is prefunding from a funding agreement. The
2 \$2 billion is not a cap. It shows, you know, the good
3 faith and the -- you know, the desire to try to
4 efficiently and fully and equitably resolve the
5 litigation.
6 So \$2 billion, I think, is more than
7 appropriate from LTL's perspective as a QSF.
8 Q: Would you agree that from LTL's perspective,
9 \$3 billion or \$4 billion would have been better to have

10 funded -- would have been better from a QSF perspective
11 for LTL?

12 MS. BROWN: Object, calls for speculation.

13 A: I don't know how I could answer that. I don't
14 understand what 'better' is. I think it's appropriate.

15 LTL thinks that's the appropriate number.

16 I don't know if there's such a thing as
17 more appropriate. \$2 billion is the appropriate number.

18 Q: (By Mr. Jonas) Well, did LTL negotiate that
19 number?

20 A: There's no negotiation of the number. Clearly,
21 if LTL thought it was inappropriate, it could have
22 raised issues or asked or said something. But LTL
23 believes that \$2 billion QSF is the appropriate number
24 for a QSF.

25 Q: And what analysis did LTL do to determine that
109 :1 the \$2 billion was the right number for the QSF?

2 A: I don't know that there was a financial
3 analysis done, but I can tell you that LTL and I
4 personally have an immense knowledge of the tort system,
5 the talc liabilities, its history and its progression
6 and all the underlying facts.

7 So based upon my experience managing these
8 cases and managing a number of mass torts, \$2 billion is
9 an appropriate amount for QSF.

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114 :5 Q: If I've got this right, at one of those
6 meetings you said, Hey, I'd love to be the chief legal
7 officer?

8 A: At one of the meetings -- at a meeting or in a
9 conversation I had with Mr. Haas I indicated that I
10 would like to be the chief legal officer.

11 Q: And what made you want to do that?

12 A: I thought it would be a good fit.

13 Q: Okay. Why?

14 A: Because I know the litigation and the issues
15 involved in various other settlement options, and I
16 thought that I could get this case resolved efficiently
17 and expeditiously and equitably if given the chance.

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117 :12 Q: Okay. And maybe last. Let me see. Hold on.

13 I guess I'll ask you. Are there any
14 components of your compensation at LTL that are in any
15 way different than they were when you -- immediately
16 prior to joining LTL?

17 A: My compensation or --

18 Q: I'm sorry. Go ahead.

19 A: So the only difference is the retention bonus.

20 Q: And how is that different, if you could just
21 describe it.

22 A: Well, there's no retention bonus prior to my
23 move. So technically I'm working for Johnson & Johnson
24 Services, Inc. It's a comment to LTL. And the
25 retention bonus would be a component that I did not have
118 :1 prior to my move.

2 Q: Okay. And how much is the retention bonus?

3 A: I don't recall specifically. It's a portion of
4 salary in two years. So it goes for two years.

5 In other words, I get a bonus at the end
6 of the first year and a bonus at the end of the second
7 year.
8 Q: Okay.
9 A: I'd have to look to see what that amount is.

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124 :18 Q: And at least for a number of weeks or months
19 leading up to Mr. Wuesthoff and Mr. Dickinson and
20 Mr. Deyo joining LTL, when you say the prime -- I think
21 you said the primary -- I don't know if you said work or
22 whatnot of LTL was to resolve talc claims, it was
23 anticipated that would be done through a bankruptcy,
24 correct?
25 MS. BROWN: Objection, lacks foundation.
125 :1 A: I would say that the expectation throughout the
2 process was that LTL would file for bankruptcy to
3 resolve the talc claims, the talc litigation.

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135 :4 Q: What insurance does LTL have available to it on
5 account of or to satisfy talc liability claims?
6 A: So it has -- there are policies in excess of, I
7 think, you know, \$1.9 billion that LTL has an interest
8 in that it has made claims on. So those would be all
9 excess policies -- or, I'm sorry, insurance policies.

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140 :19 Q: And what benefits to talc claimants were
20 discussed at this board meeting?
21 A: The issue would be the equitable and efficient
22 resolution of talc claims and comparisons of the
23 lottery-like results in the tort system coupled with the
24 number of claims that had to be -- would have to be
25 adjudicated through the tort system versus a fair and
141 :1 equitable trust situation where claimants would be paid
2 more quickly and have the ability to take into account
3 all current and future claims.

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141 :17 Q: Why was LTL formed as a North Carolina limited
18 liability company?
19 MS. BROWN: I'll instruct you, Mr. Kim, to
20 the extent you cannot answer that without revealing
21 privileged information.
22 A: I think the subject matter of where best --
23 where an efficient resolution -- you know, again,
24 because the purpose was to get an efficient, equitable
25 resolution as quickly as possible. There were
142 :1 discussions about where that would be best accomplished.
2 In other words, where could we expect that things could
3 be done efficiently.
4 Q: (By Mr. Jonas) And you mean in which
5 bankruptcy court? Is that what you're saying?
6 A: In which bankruptcy court and, therefore, where

7 it might make sense to incorporate, similar to why
8 companies incorporate in Delaware when they actually
9 have no presence in Delaware.

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149 :8 Q: Okay. That's helpful. I appreciate your
9 trying to cut to the chase with me. So thank you.
10 But while we're on the topic, let me ask
11 you. So what are the assets -- what do you understand
12 the assets of LTL to be?
13 A: The assets of LTL are the funding agreement,
14 which includes a \$2 billion QSF. It has the -- a
15 subsidiary, Royalty A&M LLC. It has a bank account of
16 (transmission interference) dollars. The subsidiary has
17 an income stream present value at around 370-odd million
18 dollars basically and has a -- the subsidiary also has
19 access to a credit facility for \$50 million.
20 Q: Okay. And among those assets would you say the
21 most valuable is the funding agreement?
22 A: Yes.
23 Q: Okay. And what do you think the value of the
24 funding agreement to be?
25 A: There's a formula in the funding agreement that
150 :1 says what is available under the funding agreement. The
2 availability is -- and, again, I would defer to the
3 terms of the funding agreement, but in general it would
4 be the value -- the fair market value of new JJCI right
5 at the time of the divisional merger.
6 Q: Okay. And --
7 A: Sorry. And is backstopped basically by
8 Johnson & Johnson at that value.

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152 :1 Q: No. And I appreciate that. I'm just -- I
2 mean -- what I think what you're saying is at the time
3 of signing the funding agreement, LTL had no specific
4 valuation material or analysis relating to the value of
5 new JJCI. Is that right?
6 A: That is right. What it understood was that --
7 whatever the value of old JJCI -- JJCI was at that time,
8 that was what was available to LTL; therefore, putting
9 creditors in at least the same position but better
10 because on top of that value there was the backstop of
11 Johnson & Johnson which did not have to -- prior to the
12 divisional merger would have no obligation to backstop
13 that liability. But as part of the funding agreement,
14 it did. So that's what LTL knew at the time.

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153 :18 Q: I very much appreciate that. Thank you.
19 But my question, I guess what I'm -- I
20 appreciate you telling me what you think each
21 individual's knowledge was; but my question is as a
22 board at LTL, were there any presentations, any experts
23 brought in, retained, any analysis? Formally what
24 information was provided to LTL in connection with
25 signing the funding agreement relating to the value of
154 :1 new JJCI? That's my question.

2 A: So there was no outside independent finance
3 person or financial analysis done. What LTL understood
4 was that JJCI was a substantial company, and what the
5 funding agreement did was put LTL in the exact same
6 position with respect to value as JJCI. In terms of the
7 creditors, it was even better because not only did it
8 have the value of JJCI, but it also had a financial
9 backstop that JJCI did not have before.
10 Q: Okay. So if I have your testimony correct --
11 and please tell me if I don't -- you're saying that a
12 talc claimant -- a talc claimant today is better off
13 than it was before LTL filed bankruptcy?
14 A: Yes, in terms of financial -- access to the
15 financial assets of both JJCI versus LTL.

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166 :21 Q: Okay. But that's my -- you understand that old
22 JJCI doesn't exist anymore, correct?
23 A: Yes, yes. As part of the Texas divisional
24 merger statute, its assets and liabilities were
25 separated and given to two other entities. So they
167 :1 still remain but in two different entities. And the
2 original entity that now had nothing in it disappeared.
3 Q: Well, there were still claims against that
4 entity, weren't there?
5 A: All the claims were assumed by one or the other
6 entities, both for old JJCI -- all talc claims and any
7 other claim, any other contract claim, any employment
8 claim, any tax claim, all those claims were separated.
9 One of the companies had them, and then
10 the company that was left with nothing disappeared. So
11 none of the claims disappeared. They were just given to
12 one or the other entity. And that's just not only talc
13 claims; that's any claim.

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181 :18 Q: But you did not at any time tell the board of
19 LTL what you believe the value of the funding agreement
20 was. Isn't that true?
21 A: I told the board the value of the funding
22 agreement was laid out in a formula in the funding
23 agreement and that that formula gives a formula for
24 calculating the value if necessary.
25 Q: But at no time prior to the decision to pull
182 :1 the trigger and file bankruptcy were they informed of
2 this \$60 billion. Isn't that true?
3 A: It was not necessary for them to be informed of
4 that. They understood what the terms of the funding
5 agreement was. Everybody understands that JJCI is a
6 substantial business, and that was the basis of their
7 decision.

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183 :22 Q: (By Mr. Glasser) Back to the board meeting
23 October 14th, 2021, isn't it also true that you never
24 showed the board actual specific numbers for future talc
25 liability before they pulled the trigger on the
184 :1 bankruptcy, actual estimates?

2 A: We do not have an estimate of future talc
3 liabilities, and so that was not presented to the board
4 because it is virtually impossible to come up with one.

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184 :18 Q: How many ovarian cancer trials were scheduled
19 between October 14th, 2021 and December 31st, 2021,
20 Mr. Kim?
21 A: Sitting here, I don't recall. It would only be
22 a couple.

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193 :11 Q: All right. So let's just take the maxi/min.
12 If it was 20 million a month and we rounded up to
13 \$250 million a year, you agree with me it would take
14 240 years to grind through \$60 billion?
15 A: That's a math exercise. I'm not sure what
16 that -- that's a math exercise.
17 Q: That's a math exercise nobody did at that board
18 meeting. Isn't that so?
19 MS. BROWN: Objection, lacks foundation.
20 A: Yeah. I agree we did not do that exercise
21 because it's useless and irrelevant and not -- and not
22 helpful to any decision to make. So that calculation
23 was not done.
24 Q: (By Mr. Glasser) All right. In your first day
25 declaration you said that you'd spent something like
194 :1 \$4.5 billion over the last five years, right?
2 A: Historically, yes.
3 Q: All right. So dividing 60 billion by
4 4.5 billion, that's another 13.3 years if the future is
5 like the past, right?
6 A: Potentially. But, again, the 4.5 could be a
7 minimum and could be exponentially larger. 13 years is
8 not a lot of time.

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197 :25 Q: (By Mr. Glasser) All right. So you did not
198 :1 tell the board of LTL that based on 5,738 data points of
2 ovarian cancer settlements, the average settlement cost
3 was \$92,000. You did not convey that information to the
4 board in that granular form, correct?
5 A: Again, that number can be calculated. But we
6 don't believe -- I don't believe that it's relevant for
7 future liability or for -- you know, or a valid
8 methodology for determining what future liability might
9 be.
10 Q: And I don't either, but I'm just asking you a
11 question. So listen to my question and see if you can
12 answer it.
13 Isn't it true you did not tell the board
14 that you had 5,378 prior settlements of ovarian cancer
15 cases at an average cost of approximately \$92,000?
16 MS. BROWN: Object, asked and answered,
17 lacks foundation.
18 A: We went over in aggregate the settlement
19 profiles, the finances. I did not do the exact
20 calculation that you mentioned.

21 Q: (By Mr. Glasser) All right. Likewise, you did
22 not do -- you did not tell the board -- at the time of
23 the bankruptcy, there were 438 remaining mesothelioma
24 cases. You did not tell the board that on 1,098 prior
25 data points, the average cost was approximately 400,000
199 :1 to settle these cases, did you?
2 MS. BROWN: Same objections.
3 A: Again, we told the board how many cases were
4 out there, the history of the litigation, the settlement
5 information. But I did not do the exercise of doing
6 that calculation and multiplying it out like the way
7 that you had done because I thought that that would not
8 be relevant.

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202 :1 Q: All right. Now, Ms. Ryan said -- let me ask
2 you this: If the plaintiffs toughened up and it cost
3 three times as much to resolve the existing cases as the
4 old cases, that only implies an \$18 billion problem,
5 right?
6 MS. BROWN: Objection, foundation,
7 speculation.
8 A: Again, I'm not sure -- when you're talking
9 about settlement amounts, that has very little to do
10 with potential future liability. What you're talking
11 about is, you know, a speculative exercise where two
12 parties have to agree. And again, that's not something
13 that the board was relying on when it was looking at its
14 financial distress.

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204 :10 Q: Did any of the three board members suggest that
11 they hire an actuary to give them an estimate of their
12 real exposure?
13 A: No, because it was unnecessary. We went
14 through the history of the litigation, the amount of
15 spending we were doing, the risks of these lottery-like
16 verdicts.
17 And it was determined that -- again, it
18 was determined that the company -- the best option for
19 all was to efficiently and fairly resolve this
20 completely under the bankruptcy code. No third-party
21 analysis was required.

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206 :8 All right. Did you explain to the board
9 on the day -- did you explain to the board before they
10 decided to file bankruptcy that LTL would have its
11 current obligations paid as and when incurred outside of
12 bankruptcy?
13 A: We went over this provision with the board,
14 yes.

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213 :20 MR. GLASSER: I'm asking him how did he

21 explain to the board how bankruptcy would affect the
22 insurance other than delaying the fight.
23 MS. BROWN: Lacks foundation and vague.
24 If you understand, you can try to answer,
25 John.
214 :1 A: I don't know that we went into detail on the
2 bankruptcy issues -- the bankruptcy issues with respect
3 to insurance. I think we did note that there was
4 insurance, but I don't believe we went into any detail
5 as to how the bankruptcy would affect the rights of
6 insurers or our rights under the policies.
7 Q: (By Mr. Glasser) Royalty A&M did not file
8 bankruptcy. Isn't that so?
9 A: That is true.
10 Q: So nothing about the bankruptcy is affecting
11 the royalty streams in Royalty A&M. Isn't that a fact?
12 A: Only to the extent that under certain
13 circumstances we would have to use those royalty streams
14 and, frankly, Royalty A&M as an asset to deal with any
15 liabilities.

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215 :16 Q: (By Mr. Glasser) Well, you've told me many
17 times that you guys were really looking after the talc
18 cancer victims. I'd just like you to explain why you
19 would take the company from a position where it could
20 pay them on a current basis or settle the claims on a
21 current basis to having them all wait however long it
22 takes to have a trust.
23 How was that better for claimants, to have
24 to -- instead of having an individualized right to
25 payment, getting some group right to payment?
216 :1 A: So the assumption in that question is that the
2 talc claimants could immediately knock on LTL's door and
3 get money. These talc claimants would have to go
4 through a process that could take decades, you know, and
5 war to go through 38,000 claims. There is no way,
6 looking at the talc claimants in general, that that
7 option is better than trying to come to a resolution in
8 bankruptcy.
9 You know, the tort system for these -- for
10 any individual plaintiff could -- when they have to
11 stand in line while 38,000 others take their shot at
12 trying to collect money, most of them will lose in these
13 cases if the future goes the way the past went.
14 And there's no doubt that the bankruptcy
15 option -- the vast majority of claimants would be better
16 off coming to a quick resolution than having to go
17 through the tort system.

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217 :23 But you told Mr. Jonas earlier when he was
24 asking you about the \$2 billion that you thought it was
25 more than enough to satisfy these claims?
218 :1 A: I said it was appropriate. I said it was --
2 Q: And you must have thought it was appropriate --
3 MS. BROWN: Please let him finish his
4 answers.
5 A: I said it was sufficient and appropriate to do
6 it. So what might be sufficient and appropriate to

7 settle these cases is very different than what the risk
8 in the tort system is.
9 So, again, settling cases -- can we come
10 to a settlement, a resolution? That amount is very
11 different than the potential in the tort system for both
12 sides.

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223 :9 Q: Right. So the top three attorneys for the talc
10 litigation for the Johnson & Johnson entities in 2021
11 prior to the LTL bankruptcy filing were Erik Haas, John
12 Kim and Andrew White, correct?
13 A: I believe that would be true.
14 Q: Okay. And do you remember what happened, I
15 guess, immediately before Andrew White sending this
16 meeting invite to Greg Gordon of Jones Day on
17 March 16th, 2021 at 11:32 a.m.? Did it happen out of
18 the blue, or can you remember when you got the
19 invitation, it sort of making sense in the context of
20 things that were happening at the time?
21 A: I think what I would say is that in that time
22 period before March of 2021 Andrew had been soliciting
23 views from a number of law firms on resolution of the
24 talc liabilities.
25 Jones Day was one of the law firms that we
224 :1 were asking about ideas on how we might be able to
2 resolve them.
3 Q: Okay. And was that the purpose in reaching out
4 to Greg Gordon on March 16th, 2021, to speak to him
5 about the subject of resolving the J&J entities' talc
6 litigation?
7 A: Yes. That would be -- well, I think it would
8 be the subject of, you know, how to, you know, resolve
9 the litigation for JJCI as well as J&J but mostly JJCI.

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226 :1 Q: Okay. And at this time in March of 2021 when
2 you and other litigation attorneys handling the talc
3 litigation for Johnson & Johnson reached out to
4 Mr. Gordon from Jones Day, had you at that time,
5 Mr. Kim, ever spoken to Michelle Goodridge about JJCI's
6 financial condition?
7 A: I personally did not speak to Michelle
8 Goodridge about the JJCI's financial condition.
9 Q: Okay. At any time between March of 2021 up to
10 October 14th, 2021 did you ever speak to Michelle
11 Goodridge about JJCI's financial condition?
12 A: I don't recall that I ever spoke to Michelle
13 Goodridge about JJCI's financial condition.
14 Q: From March of 2021 up until October 14, 2021
15 did you, Mr. Kim, ever speak to Thibaut Mongon about
16 JJCI's financial condition?
17 A: I personally did not speak to Thibaut Mongon,
18 although there was -- I do recall there may have been
19 one meeting with Mr. Mongon about the restructuring that
20 I attended.
21 Q: Okay. Did you ever specifically discuss JJCI's
22 financial condition with Mr. Mongon at any time between
23 March of 2021 all the way until October 14, 2021?
24 A: Again, I do recall one meeting where we talked

25 about the talc litigation with Mr. Mongon.

227 :1 Q: Okay. In that one meeting do you recall

2 Mr. Mongon telling you any specific information about
3 JJCI's financial condition?

4 A: I don't recall.

5 Q: Okay. Did you ever speak to Paul Ruh, R-u-h,
6 about JJCI's financial condition at any time between
7 March of 2021 until October 14, 2021?

8 A: No.

9 Q: Same question for Kevin Neat?

10 A: I did not.

11 Q: Okay. Can you identify any non-attorney,
12 businessperson that you had any discussion with
13 specifically about JJCI's financial condition at any
14 time between March of 2021 until October 14, 2021?

15 A: I don't recall that I did. I don't believe I
16 did.

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13 :7 Q: Okay. Can you identify for me the in-house
8 counsel who negotiated or drafted or participated in the
9 negotiation or drafting of the funding agreement on
10 behalf of old JJCI?
11 A: So, again, I think I'll refer to the entire
12 response that says that there are no external
13 counterparties with whom to negotiate. And as is the
14 case with internal corporate restructurings generally,
15 the funding agreement was entered into after -- not
16 entered into after arm's length negotiations but rather
17 was the product of a review for fairness by the
18 authorized signatories for the parties and their
19 advisors.
20 With that, I would say that the counsel
21 for old JJCI were the counsel that were -- participated
22 in reviewing the funding agreement, which would include
23 myself, Andrew White, Erik Haas, Chris Andrew, White &
24 Case, Jones Day -- well, White & Case was specifically
25 representing J&J.
14 :1 And there may have been other outside -- I
2 think that's it. I'm thinking there might be tax
3 people, inside tax people as well; but I'm not -- but
4 principally for the drafting of participation in the
5 funding agreement would be the ones that I just listed.
6 Q: Okay. I just want to go through the four
7 in-house individuals starting with yourself.
8 A: Uh-huh. Yes.
9 Q: Whose interests were you representing when you
10 negotiated or drafted or participated in the negotiation
11 or drafting of the funding agreement?
12 A: As counsel that's employed by J&J but
13 representing all of its subsidiaries, I was representing
14 all the parties in reviewing the fairness of the deal.
15 Q: Okay. Same question for Mr. White. Whose
16 interests was Mr. White representing when he negotiated
17 or drafted or participated in the negotiation or
18 drafting of the funding agreement?
19 A: That would be the same answer. As a lawyer
20 hired -- employed by J&J representing all of its
21 subsidiaries, he was looking out for the interests of
22 all the parties to the funding agreement.
23 Q: Okay. Would you give the same answer in
24 response to the same question relating to Mr. Haas?
25 A: I would.
15 :1 Q: And would you give the same answer in response
2 to the same question with respect to Mr. Andrew?
3 A: I would.
4 Q: Were any conflict waivers ever sought or
5 obtained in connection with the negotiation or drafting
6 of the funding agreement?
7 A: No. Because there was no conflict in an
8 intercompany arrangement like this.
9 Q: Was any conflict waiver sought or obtained with
10 respect to any aspect of the corporate restructuring
11 described in your first-day declaration?
12 A: No. Because, again, there was no conflict in
13 that restructuring.

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15 :16 Did the debtor have independent counsel to
17 advise it in connection with the negotiation or drafting
18 of the funding agreement?
19 MS. BROWN: I object as lacking
20 foundation.
21 A: I don't know what you mean by 'independent
22 counsel.' The debtor was -- prior to the formation of
23 the debtor, LTL, the lawyers were representing all
24 parties' interests in the documentation.
25 Once LTL was formed, Jones Day was the
16 :1 attorney for LTL; and I became its chief legal officer.
2 And we provided legal advice to LTL.
3 Q: (By Mr. Morris) Okay. But the original
4 funding agreement was drafted and executed prior to the
5 time LTL was formed. Is that correct?
6 A: That is correct.
7 Q: Okay. You mentioned White & Case and Jones
8 Day. Were they like the in-house counsel, also
9 representing the interests of all of the Johnson &
10 Johnson parties who were parties to the restructuring?
11 A: Jones Day was. White & Case was specifically
12 hired to represent Johnson & Johnson, but Jones Day at
13 the time was retained to hire -- was retained for the
14 interests of old JJCI, Johnson & Johnson, you know,
15 throughout the transaction up until the formation of
16 LTL, at which point Jones Day became only LTL's counsel.

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21 :7 Q: And you're not aware of any other analysis that
8 was done that you can cite to that attempted to estimate
9 the fair market value of JJCI, correct?
10 A: LTL is not aware of any other document.
11 Q: Okay. Now, you were asked some questions by
12 Mr. Glasser yesterday about a reference to \$60 million
13 that was made at the first-day hearing. Do you remember
14 that?
15 A: \$60 billion.
16 Q: I'm going to try and sew the hole in my pocket
17 pretty soon. I appreciate that.
18 So I think you testified yesterday that
19 Mr. Haas was the source of the \$60 billion number. Do I
20 have that right?
21 A: Yeah. As I testified in the prior hearing, at
22 some point in conversations with Mr. Haas I was -- he
23 noted that he believed that the number was around
24 60 billion. But, again, that was just his belief at the
25 time.
22 :1 Q: But it was a belief that the debtor was
2 comfortable in relying upon when it presented that
3 number to the Court. Is that fair?
4 MS. BROWN: Objection, lacks foundation.
5 A: I testified at length that no valuation was
6 done by LTL about that -- about that valuation that was
7 in the funding agreement.
8 And when I mentioned the conversation I
9 had with Mr. Haas, it was in the context of LTL has no
10 idea what the actual number is. It had heard in a
11 conversation with Mr. Haas, and Mr. Haas believed it was

12 \$60 billion.
13 But, again, I made no representation that
14 that was the actual number. But we believe that that
15 is -- we believe it -- it sounds like a reasonable
16 estimation to us. And now this other document sort of
17 confirms the ballpark figure.
18 But, again, the document that was provided
19 is a source of information but is not the actual
20 calculation that is required to be done -- it was not
21 done under the funding agreement.
22 So, again, LTL doesn't know whether that
23 number is the actual number that you would get if you
24 did the funding agreement calculation; but we believe
25 that it's a fair approximate -- it could be a fair
23 :1 approximation or estimation of that amount.

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23 :20 Q: Okay. Can we go to topic No. 5. Topic No. 5
21 concerns estimation of claims. Do you see that?
22 A: I do.
23 Q: Okay. Did LTL prepare or ask anybody to
24 prepare any analysis to estimate the number of talc
25 personal injury claims that might be asserted in the
24 :1 bankruptcy case?
2 A: No.
3 Q: Was the LTL board ever presented with any
4 analysis that purported to estimate the number of talc
5 personal injury claims that might be asserted in
6 bankruptcy?
7 A: Not claims that might be asserted in
8 bankruptcy, no. It was given the extent of the
9 litigation, the underlying cases, case numbers, and
10 understanding that the current case numbers would grow
11 outside of the bankruptcy and the financial impact of
12 that.
13 But it did not -- was not given
14 information nor -- LTL does not have any information, I
15 do not have any information about the potential number
16 of claims in the bankruptcy.
17 Q: And did LTL prepare or ask anybody to prepare
18 on its behalf any analysis that would show the growth
19 that you've just described?
20 A: The growth in the bankruptcy or outside of
21 bankruptcy?
22 Q: Either way, the growth of claims.
23 A: Well, outside of bankruptcy, we detailed our
24 understanding that because there's a latency period of
25 at least 60 years for cancer cases, that there will be
25 :1 exponential growth of claims outside of bankruptcy.
2 Again, in the bankruptcy, it was -- there
3 was no determination prior to filing bankruptcy and to
4 currently about estimating the actual claims that would
5 be presented in the bankruptcy case. We believe that's
6 something that may have to be done later, but there's
7 been no work done on that to date.
8 Q: Okay. So there's no -- withdrawn.
9 LTL does not have an estimate of the
10 number of claims that might be asserted in the
11 bankruptcy, correct?
12 A: Currently it does not. That exercise we
13 believe might have to be undertaken later.
14 Q: Okay. But it wasn't done prior to the filing
15 of the petition, correct?

16 A: Correct. Again, the numbers that they had were
17 the numbers that could be expected outside of
18 bankruptcy. But we did not do an estimation of what
19 might be expected in the bankruptcy.

20 Q: Can you tell me how many claims LTL expects
21 would have been filed outside of bankruptcy but for the
22 commencement of the bankruptcy proceedings?

23 A: In general terms, there would be exponential
24 growth of claims because of a 60-year latency period and
25 the fact that use of Johnson's Baby Powder was
26 :1 ubiquitous. So virtually every person in the country
2 could claim that they were exposed to Johnson's Baby
3 Powder at one point or another.

4 Q: Do you have any other information to share with
5 me about LTL's analysis of the number of claims that
6 might be asserted outside of bankruptcy?

7 A: I'd refer to --

8 MS. BROWN: Objection, vague.

9 THE WITNESS: I'm sorry?

10 MS. BROWN: I objected as vague. If you
11 understand, you can answer.

12 A: I would refer to and incorporate by reference
13 the first-day declaration that I filed and also the
14 objection to the motion to dismiss that lays out facts
15 upon which LTL relied upon in terms of potential
16 exposure in the tort system.

17 Q: (By Mr. Morris) Okay. Did LTL perform any
18 analysis or ask anybody to perform any analysis as to
19 the cost of resolving talc personal injury claims that
20 might be brought in the bankruptcy case?

21 A: At the LTL board meeting and prior to that
22 information was given to LTL board members about
23 settlements. There was no -- there was no calculation
24 of what settlements may be in the future in bankruptcy
25 because we believed that's premature.

27 :1 It's virtually -- it is impossible to
2 extrapolate from past settlements to what, you know, a
3 future bankruptcy settlement may look like. So that
4 exercise was not undertaken.

5 Q: Okay. Did LTL ever attempt to quantify the
6 costs that it would have to incur in order to resolve
7 talc personal injury claims outside of bankruptcy?

8 A: Again, because settlement is a negotiated
9 amount between parties and differs depending upon the
10 underlying facts and counsel, it was virtually
11 impossible to come up with an estimate of what future
12 talc liability may cost, not even including the fact
13 that there were future claimants who have not even been
14 exposed -- not even experienced their injury yet, which
15 we understand there could be an amount that would appear
16 in the future.

17 So, you know, the rate that that might
18 occur and the cost of that would be something that's --
19 that would be very difficult to come up with at that
20 time. So that process was not under -- that calculation
21 was not undertaken.

22 Q: Okay. So I've asked you questions about LTL
23 and whether it's done any of these analyses or whether
24 anybody's done it on its behalf. I want to go a little
25 bit broader now.

28 :1 Is LTL aware of any analysis or estimation
2 of the number of claims that might be asserted against a
3 Johnson & Johnson enterprise within the bankruptcy case?

4 A: LTL is not aware of any of that.

5 Q: Is LTL aware of any analysis that purports to

6 estimate the number of talc personal injury claims that
7 might have been asserted against the Johnson & Johnson
8 enterprise outside of bankruptcy?
9 A: Again, LTL -- for the same reasons why LTL
10 couldn't come up with that information, LTL is not aware
11 that that information was done outside of LTL.
12 Q: Is LTL aware of any analysis performed by
13 anybody at any time that attempts to estimate the cost
14 of resolving talc personal injury claims within the
15 bankruptcy?
16 A: It is not aware of that.
17 Q: Is LTL aware of any analysis that was performed
18 by anybody that purports to estimate the cost of
19 resolving talc personal injury claims outside of
20 bankruptcy?
21 A: LTL is not aware of that.

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30 :9 Q: Okay. So LTL knows what the reserve that was
10 taken with respect to talc personal injury claims, but
11 it won't reveal that in discovery because it contends
12 that it's privileged. Do I have that right?
13 A: LTL up through its chief legal officer
14 understands the process that reserves are set. Sitting
15 here today, it does not know the actual number; but it
16 knows that there is a number that's there that was
17 provided -- that was based on attorney/client-privileged
18 information.

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32 :20 Q: Okay. And that information wasn't provided to
21 the LTL board, correct?
22 A: The information underlying that calculation, so
23 the number of cases that we had, the number -- the cost
24 of those cases, how much we've been spending, the 5 to
25 \$10 million a month run rate, the number of settlements
33 :1 that we -- you know, the amount of settlements we
2 entered into, all that which was a component of reserve
3 setting was given to the board.
4 What was not told to the board was that
5 because of that, on the consolidated statement there is
6 a reserve off.
7 So all the financial aspects were told to
8 the board. It just was not told in the form that
9 there's a reserve for that.
10 Q: But the reserve reflects the judgment of the
11 lawyers at Johnson & Johnson with respect to the
12 reasonably ascertainable future costs. Is that fair?
13 A: That is fair, yes.
14 Q: Okay. And that judgment in the form of the
15 reserve number wasn't shared with the LTL board,
16 correct?
17 MS. BROWN: Objection.
18 A: I disagree. I can answer again. The --
19 Q: (By Mr. Morris) Okay.
20 A: I disagree with that. What wasn't told to the
21 board was that this was a reserve number.
22 Q: Okay.
23 A: The board --
24 Q: That's my only question.

25 A: The board was given all the underlying
34 :1 information about it.
2 Q: I know.
3 Do you know why -- do you know why the
4 board wasn't just given the number?
5 A: I think it was unnecessary for the board's
6 determination. Again, what's in the reserve is not --
7 again, it's probable and estimable. But the information
8 we gave the board was far more than what the reserve
9 number is.
10 So, you know, again, the information given
11 to the board encompassed all that, but --
12 Q: But the -- I apologize. I don't mean to step
13 on your words.
14 A: The information given to the board encompassed
15 all the information that would go into setting the
16 reserve plus more, plus advice of counsel.
17 So, again, the underlying information
18 about the reserves -- about how reserves are set or the
19 basis of the reserves was given to the board. It just
20 wasn't told to the board that this was the reserve.
21 Q: And the difference between what was given to
22 the board, those are facts that reflect the actual cost
23 and the number of cases and the actual settlements,
24 correct?
25 A: Plus the board was told what was expected, what
35 :1 we could expect. So the future was -- the future of the
2 litigation was discussed at length with the board.
3 So it's not just -- again, all the
4 information that goes into calculating reserve was given
5 to the board. We just did not give the board the
6 reserve number that was in the books because we thought
7 we were giving the board more information than that.

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35 :13 Q: Has LTL or anyone acting on its behalf prepared
14 any draft Chapter 11 plan of reorganization?
15 A: It has not.
16 Q: Has anyone -- withdrawn.
17 Has LTL or anyone acting on its behalf
18 created any projections of future financial performance
19 of a post-reorganized LTL?
20 A: We have not at this point done that.
21 Q: Has LTL or anybody acting on its behalf
22 prepared any type of feasibility analysis with respect
23 to any contemplated Chapter 11 reorganization plan?
24 A: Not a written feasibility analysis. We believe
25 that a plan is feasible and that we hope to develop one.
36 :1 Q: Okay. Anything other than your hopes that the
2 debtor has undertaken to try to determine whether
3 there's a feasible plan of reorganization?
4 A: Well, based upon discussion with counsel -- so
5 it's not only our hopes, it's, you know, based upon
6 discussions, we believe that there's a plan that's
7 feasible, yes.
8 Q: Okay. But no feasibility analysis has been
9 undertaken, correct?
10 A: So I'm not sure what you mean by feasibility
11 analysis. There's no -- we don't have a written
12 document that goes -- titled Feasibility Analysis. But
13 we have had discussions, and we believe that based upon
14 the experience and expertise of our bankruptcy counsel
15 and the facts of the case, we believe that a Chapter 11

16 plan will be feasible.

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36 :23 Q: Okay. Does LTL have any secured creditors?
24 A: I do not believe it does.

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37 :5 Q: Okay. As the corporate representative, are you
6 aware of any secured debt that the debtor needs to
7 address or resolve within the bankruptcy?
8 A: I do not. I am not aware of any.
9 Q: Are you aware of any asset that LTL owns that
10 is subject to a lien or security interest of any kind?
11 A: I do not believe that there are any, no.
12 Q: Okay. Does LTL have any trade creditors?
13 A: I do not believe it does.

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45 :10 Other than contracts that concern claims
11 based on talc and intercompany agreements, is LTL party
12 to any other contract that you're aware of?
13 A: I am not aware of any.

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45 :15 LTL has no employees, correct?
16 MS. BROWN: Objection, foundation.
17 A: LTL's employees that have been seconded to it
18 from Johnson & Johnson Services, Inc.

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45 :21 Are you aware of any tax claims that have
22 been asserted against LTL?
23 A: I am not aware of any claims asserted.
24 Q: Okay. We talked yesterday -- not we, but other
25 lawyers and yourself spent some time on the funding
46 :1 agreement. Do you remember that?
2 A: I do recall that, yes.
3 Q: Okay. Does LTL have any reason to believe that
4 Johnson & Johnson and JJCI will not honor its
5 obligations under the funding agreement?
6 A: It has no reason to believe that Johnson &
7 Johnson and JJCI will not honor the terms of the funding
8 agreement.
9 Q: In fact, LTL expects Johnson & Johnson and JJCI
10 to honor their obligations under the funding agreement,
11 correct?
12 A: LTL does and has already undertaken -- gotten
13 funds from the funding agreement.
14 Q: Okay. Does LTL have any reason to believe that
15 Johnson & Johnson or JJCI will be unable to fulfill
16 their obligations under the funding agreement?

17 A: It has no reason to believe that.

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50 :21 Q: And I appreciate that. So LTL expects to be
22 able to fully fund the cost of managing and resolving
23 talc personal injury claims at an amount that's less
24 than the full value of JJCI, correct?
25 A: I would say yes. Again, if things go as LTL
51 :1 believes it should, that would be true.
2 Outside the bankruptcy system, though,
3 that -- you know, the cost of the litigation, again,
4 could be substantial and unsustainable.

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52 :25 Q: Okay. And are you personally familiar with the
53 :1 types of assets that LTL owns?
2 A: I am familiar with the assets, yeah. As a
3 30(b)(6) witness for LTL, I am familiar with LTL's
4 assets, yes.
5 Q: All right. And I think we talked about that
6 yesterday, but has anyone -- has LTL or anybody acting
7 on its behalf done any analysis to determine its
8 going-concern value?
9 A: There's been no analysis of LTL's going-concern
10 value, no.

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58 :15 Q: And, Mr. Kim, does LTL have any knowledge of
16 the net income after taxes under GAAP of old JJCI for
17 the period ended December 2020?
18 A: Again, no. LTL would not have that knowledge.

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60 :4 Q: (By Mr. Dine) Mr. Kim, is LTL aware of what
5 the net income of JJCI was as of September 2021 under
6 GAAP after taxes?
7 A: It does not.

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60 :21 Q: And, Mr. Kim, are you aware of any valuation,
22 formal or informal, of any royalties or royalty streams
23 or rights to royalties assigned to or acquired by
24 Royalty A&M?
25 A: It is.

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61 :2 Of what valuations is LTL aware?
3 A: LTL is aware of a net present value calculation
4 which has been produced for the royalty streams that was
5 acquired by Royalty A&M.

6 Q: And is that the only valuation of which LTL is
7 aware?
8 A: It is.

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64 :1 Exhibit 173 is the intercompany facility
2 agreement between Johnson & Johnson and Royalty A&M LLC,
3 and it's bearing Bates No. -- starting with Bates
4 No. LTL 2663. I just want to confirm that that's the
5 same as the Exhibit 11 -- No. 11 in your binder.
6 A: It is, and I have downloaded it.
7 Q: All right. And, Mr. Kim, what is this
8 document?
9 A: This document represents a revolving credit
10 line that Royalty A&M has with Johnson & Johnson up to
11 \$50 million. So this facility allows RAM to borrow
12 money from Johnson & Johnson in order to do its business
13 of acquiring royalty streams.
14 Q: And this agreement is currently in effect?
15 A: Yes. It is in effect, yes.

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64 :18 Has Royalty A&M drawn any funds under this
19 agreement?
20 A: Royalty A&M has indicated to Johnson & Johnson
21 that it intends to in connection with an acquisition of
22 a royalty stream that Royalty A&M is currently
23 negotiating.

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68 :1 Q: Now, the proposed funding of a qualified
2 settlement for payment of talc claims, that's
3 \$2 billion, correct?
4 A: It is.
5 Q: And LTL has not received that \$2 billion,
6 correct?
7 A: That is correct. We're waiting for court
8 approval.
9 Q: And do you know -- does LTL know on what
10 calendar date that amount will be received by LTL?
11 A: I think it depends on court approval.
12 Q: Does LTL know that it will receive court
13 approval for payment of that sum?
14 A: It believes it will.
15 Q: But it does not know?
16 A: It is more probable that it will.
17 Q: Well, when you say 'more probable,' what
18 percentage probability does LTL assign to the likelihood
19 of the Court approving such funding?
20 A: I think probable enough to warrant putting it
21 in as a account receivable in its monthly reporting
22 report.
23 Q: But that payment might not occur?
24 A: If the Court does not approve it, then it may
25 not occur, which is why in the global notes we specify
69 :1 that it is if approved.
2 Q: And is the presentation of that \$2 billion with
3 respect to the pre-petition funding, item 2(a), is that

4 made under generally accepted accounting principles?
5 A: I do not believe the monthly operating report
6 is GAAP accounting, but --
7 Q: Is your next --
8 A: -- I would have to defer to our accounting
9 experts at AlixPartners who helps us with this filing.

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69 :16 Are LTL's books and records kept under
17 GAAP?
18 MS. BROWN: Objection, speculation, vague.
19 A: I don't know that we currently have a financial
20 statement that was prepared under GAAP in its books and
21 records at this point in time.
22 Q: (By Mr. Dine) Has LTL recorded the \$2 billion
23 as a receivable on its books and records?
24 A: I don't believe LTL has made any recordings at
25 this time other than these monthly operating reports.
70 :1 Q: Is there any -- I'm sorry.
2 A: I'm just trying to think. I'm trying to think
3 if there are any other financials that have been
4 created. I believe these monthly operating reports are
5 the only financials that have been created so far.

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70 :18 Q: (By Mr. Dine) Is there any explanation in this
19 document as to whether or not this \$2 billion is
20 appropriately recorded in LTL's books and records under
21 GAAP?
22 A: Again, this deals with the monthly operating
23 report, which I do not believe is under GAAP. And the
24 notes to this report details all the information
25 required to understand what those numbers are and what
71 :1 they represent.

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76 :1 Q: Who determined that RAM should be formed?
2 A: As part of the reorganization, a consensus was
3 reached by the folks putting the reorganization together
4 to create and capitalize RAM.
5 Q: And those would be people in the Project Plato
6 work stream?
7 A: Well, Project Plato work stream, and there were
8 discussions with Thibaut Mongon and folks that work with
9 Mr. Mongon about capitalization of Royalty A&M. So he
10 was involved in those discussions.
11 Q: And what was the purpose of the formation of
12 RAM?
13 A: So RAM is an asset of LTL whose worth and
14 income can be used to help LTL in its mission of fairly,
15 completely and efficiently resolve the talc litigation.

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77 :1 Q: (By Mr. Kahn) So the purpose of forming RAM
2 was to provide an income stream to LTL. Is that

3 correct?
4 A: An asset and income stream, yes.
5 Q: Was RAM formed for the purpose of attempting to
6 comply with the requirements of section 524(g) of the
7 Bankruptcy Code?
8 MS. BROWN: I'm going to object. That
9 calls for a legal conclusion.
10 And to the extent that it would implicate
11 legal advice, Mr. Kim, I'll instruct you not to answer.
12 Q: (By Mr. Kahn) Can you answer?
13 A: I think I answered to the extent that I can
14 without revealing privileged information.

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79 :13 Q: What did old JJCI receive in exchange for its
14 contribution of a revenue stream to RAM?
15 MS. BROWN: Asked and answered.
16 Go ahead again.
17 A: I'm not sure if I understand your question.
18 This was a restructuring where a subsidiary was formed.
19 As part of the restructuring, old JJCI -- there was a
20 series of steps in the step plan where, you know,
21 companies become parents of other companies,
22 contributions of capital are made, and, you know, it
23 would be exchanged for being a parent of a company and
24 so there's no -- I don't believe the question what did
25 old JJCI receive for a contribution makes any sense.
80 :1 RAM contributed an income stream of
2 367.1 million. RAM and its parents were allocated the
3 liabilities of old JJCI as it relates to talc
4 liabilities, and through a series of mergers old JJCI
5 stopped existing. I think that's the best I can answer
6 the question.

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82 :4 Q: (By Mr. Kahn) I'm sorry. Does RAM have any
5 employees?
6 A: RAM has employees to it -- it's the same
7 employees that were seconded to LTL. So Mr. Wuesthoff,
8 Mr. Dickinson and I are all employees of RAM as well.
9 Q: Okay. And on the board of both LTL and RAM is
10 Mr. Deyo, correct?
11 A: Mr. Deyo is on the board of managers for LTL.
12 He is not on the board of managers for RAM.
13 Q: For purposes of the board of members of LTL,
14 he's listed as disinterested director, is he not?
15 A: He is.
16 Q: Did LTL come to an understanding that he was
17 disinterested?
18 A: Yes. LTL believes that he is an uninterested
19 director.
20 Q: And upon what basis did it make that
21 determination?
22 A: Mr. Deyo has been not a employee of any
23 Johnson & Johnson entity for over ten years, was not
24 working for or had any relationship -- any working
25 relationship with Johnson & Johnson at the time -- since
83 :1 that time, and so -- any Johnson & Johnson entity since
2 that time. So it was determined that he would be a
3 disinterested director.

4 Q: Mr. Deyo had been an employee of Johnson &
5 Johnson or one of the entities in its enterprise for
6 over 20 years, had he not?
7 A: He had. But that ended more than ten years
8 ago.

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84 :5 Q: (By Mr. Kahn) Did LTL make any inquiry of
6 Mr. Deyo's disinterestedness as to whether he currently
7 owns any stock in J&J?
8 A: We do not consider stock ownership itself to be
9 interest in LTL -- make him interested.
10 Q: So you didn't make that inquiry of him?
11 A: I do not believe we made inquiry of him as to
12 what shares of whatever stock he owns.
13 Q: Did you make any inquiry as to whether he was
14 receiving any type of pension or retirement benefits
15 from Johnson & Johnson or arising from his employment at
16 Johnson & Johnson?
17 A: Again, I think because he has not been employed
18 by Johnson & Johnson for the last ten years, we did not
19 make those inquiries.

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88 :15 Q: So all of the royalty accounting and daily
16 rigmarole of monitoring royalty streams is being
17 performed by new JJCI under this agreement?
18 A: It is.
19 Q: And that was the type of services that were
20 rendering as to these royalty streams prior to the
21 creation of RAM, was it not?
22 A: They were.
23 Q: So there's no change in terms of day-to-day
24 drudgery of monitoring and tracking royalty?
25 A: Correct.

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90 :17 Q: Would it be correct to state that prior to
18 let's say October 1, 2021, you were employed by
19 Johnson & Johnson?
20 A: I was employed by Johnson & Johnson, the parent
21 company, yes.
22 Q: All right. And then we went through yesterday
23 that sometime in the first half of October of 2021 your
24 employer changed to JJSI. Would that be correct?
25 A: That is correct.
91 :1 Q: Is the same true as to Mr. Wuesthoff? Was he
2 employed by J&J but then became employed by JJSI shortly
3 before the restructuring?
4 A: I believe that's true, yes.
5 Q: And would the same be true as to Mr. Dickinson?
6 A: Yes.

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92 :6 Q: What does seconded mean, your understanding?

7 A: My understanding is that you become an employee
8 of another organization, but your salary and benefits
9 and administrative -- administrative issues are dealt
10 with by your -- the company that's seconding you.
11 So administratively, in terms of benefits
12 and salary, all amounts are being -- still being paid by
13 the employer seconding, sending you to the new employer,
14 and that new employer's obligation is to pay back a
15 portion of that.
16 Q: But currently you're an employee of JJSI,
17 correct?
18 A: I am an employee of JJSI seconded as an
19 employee to LTL.
20 Q: As an employee of JJSI, to whom do you report?
21 A: I report to Bob Wuesthoff.
22 Q: And to whom does Mr. Wuesthoff report?
23 A: Mr. Wuesthoff reports to Mr. Bob Decker.
24 Q: Remind me who Mr. Decker is, please.
25 A: He is the controller at Johnson & Johnson. So
93 :1 he reports to him administratively.
2 Q: And to whom does Mr. Dickinson report?
3 A: Mr. Dickinson also reports to Mr. Decker.

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94 :8 Q: Okay. Do you understand that as an employee,
9 you owe a fiduciary duty to your employer?
10 A: I think as a lawyer I understand that my
11 fiduciary duty is to LTL.

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95 :15 Q: There were no independent fairness opinions
16 generated or received in connection with any of those
17 (inaudible)?
18 A: I agree there are no third-party fairness
19 opinions generated or received nor were they required
20 because of the intercompany transaction.
21 Q: And it's your understanding that all of these
22 transactions were fair to all of the parties involved?
23 A: It is.

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102 :24 Q: (By Mr. Glasser) Is it the case that you -- is
25 it true that you never told the board of LTL what the
103 :1 amount of the potential settlement in Imerys was?
2 A: I believe they were told.
3 Q: When?
4 A: Prior to the board meeting. Prior to the board
5 meeting there were conversations about the Imerys --
6 potential resolution of Imerys and how that fell
7 through. In the context of that, I think ranges may
8 have been given in that context.
9 Q: What was the highest range given?
10 A: That would be privileged.

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105 :1 Q: No, no. So in the Travelers documents and in
2 other documents we've received it is clear that there
3 were deals cut with lawyers that were like, we'll take
4 your existing cases and then we'll take a hundred more
5 ovarian cancer cases or 200 more cases.
6 Explain to me how those deals worked.
7 A: That's a subject of privilege, and that
8 document that you're referring to was -- is privileged.
9 Q: I'm not using the document. I want to know how
10 do you do -- is it a written deal or just a handshake
11 deal with somebody that, Hey, you can settle a hundred
12 more cases?
13 A: So as I testified to yesterday already, there
14 were agreements to agree for certain deals. So there
15 were deals that we had an agreement where if they
16 presented a number of plaintiffs we would settle, those
17 deals -- for some of those deals they did present people
18 for settlement that was not consummated.
19 So we didn't get to -- we got the
20 releases, but we paid -- we did not pay by the time we
21 filed for bankruptcy. So, in other words, if I have a
22 deal with you that says, you know, We will pay you
23 \$5,000 for these plaintiffs when you give us the
24 releases, at some point you gave us the releases, but we
25 didn't pay prior to filing bankruptcy. So those were
106 :1 unconsummated. So basically we never paid them.
2 Bankruptcy got filed, and now they're in limbo.

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111 :5 Q: (By Mr. Glasser) Let me ask the question
6 again. Explain to me what benefit would adhere to LTL
7 to even remotely keep those indemnities.
8 MS. BROWN: I object. Beyond the scope of
9 the notice and calls for speculation and has been asked
10 and answered.
11 Q: (By Mr. Glasser) Okay. You can answer the
12 question.
13 A: We have not done that analysis on accepting or
14 rejecting executory contracts at this point.
15 Q: Okay. So it follows from that you cannot have
16 shown the board any such analysis, correct?
17 MS. BROWN: Objection, beyond the scope of
18 the notice.
19 A: We discussed with the board the contract, the
20 indemnity obligations. So that was discussed. What was
21 not discussed was whether we should -- whether we should
22 try to reject them and the ramifications of that.

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113 :24 Q: So you agree that qualified settlement funds
25 are not LTL; they're a separate trust?
114 :1 MS. BROWN: Objection, beyond the scope.
2 A: I would say they are -- currently they would be
3 under a separate trust on the form that we submitted;
4 but, again, this is all subject to court approval. So
5 it's speculative at this point.
6 Q: (By Mr. Glasser) And you also understand that
7 because it's a separate trust and because it's a
8 qualified settlement fund, Johnson & Johnson, the
9 contributor, will actually get a tax deduction for it,

10 right?

11 A: LTL, I think, is -- would not be aware of --
12 isn't aware of the tax implications of this. Again, the
13 fund itself and the order -- the creation is also
14 subject to court order, which has not happened.

15 Q: You said in response to some questions from
16 Mr. Morris that the 2 billion should be sufficient to
17 resolve the case in bankruptcy. Do you remember those
18 questions and answers?

19 MS. BROWN: Objection, misstates his
20 testimony.

21 A: I testified that the 2 billion I thought was
22 appropriate.

23 Q: (By Mr. Glasser) And it must have been
24 appropriate in relation to what you expect the
25 obligation to be in bankruptcy, right?

115 :1 MS. BROWN: This is beyond the scope. I
2 object.

3 A: Yeah, I think -- we had a lengthy discussion
4 about what the result of the bankruptcy should be and
5 what it might be versus what it could -- what it will
6 be.

7 So, you know, again, LTL believes that
8 baby powder, talc, does not cause the injuries that's
9 being complained of in the complaints. So we think
10 that, you know, 2 billion would be sufficient for that
11 purpose.

12 But, again, we are here on a good-faith
13 basis to try to resolve the claims which takes -- which
14 means that it would be an agreement among all the
15 parties to the right amount.

16 So, you know, again, the value of JJCI is
17 well beyond the \$2 billion. Somewhere near 2 billion or
18 over 2 billion or under 2 billion up to \$60 billion
19 would be sort of the value -- the numbers that these
20 values would contemplate.

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116 :16 Q: (By Mr. Glasser) Do you contend you're in
17 financial distress? So answer the question, Mr. Kim.

18 A: Yes. We contend we're in financial distress.

19 Q: And I'm asking you. Is one mesothelioma trial
20 out there in tort world enough to put LTL in financial
21 distress?

22 A: I think it's speculative and would depend upon
23 the circumstances.

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118 :23 Q: I want to know where the -- any kind of serious
24 near-term financial distress, or do you concede there
25 was no serious near-term financial distress?

119 :1 A: So if your hypothetical was as of the time, you
2 know, did the next trial cause financial distress, I
3 would say the company was already in financial distress.
4 It doesn't matter how many trials are in the future. It
5 was already in financial distress because of the number
6 of cases that were out there, the rate of spending that
7 the company was doing, the likelihood of these jackpot
8 jury awards that sporadically happened, the future
9 development of the cases, including the fact that

10 there's a 60-year latency period, and that virtually
11 everyone in the country had been exposed to Johnson's
12 Baby Powder at one point.
13 All those caused the financial distress.
14 It was not the next trial or the next five trials. At
15 that point the company was already in financial
16 distress.
17 Q: How many cases had LTL named as a defendant on
18 October 14, 2021?
19 MS. BROWN: Objection, beyond the scope.
20 A: So LTL assumed the liability of old JJCI and
21 old JJCI ceased to exist. At that point on October 14
22 any lawsuit that involved JJCI was the responsibility of
23 LTL.
24 So to ask whether LTL was named as a
25 defendant misstates what the facts were at that time.
120 :1 Q: (By Mr. Glasser) What's the answer to my
2 question, though? How many cases had named LTL as a
3 defendant as of the bankruptcy?
4 MS. BROWN: It's beyond the scope.
5 Q: (By Mr. Glasser) Zero, right? Zero.
6 MS. BROWN: He's going to answer. You
7 need to stop asking compound questions. I'm going to
8 object as beyond the scope.
9 If you know the answer in your individual
10 capacity, Mr. Kim, you can go ahead and answer.
11 A: So at the time of LTL's formation, nobody knew
12 of LTL's existence. So nobody named it as a defendant.
13 After LTL came into existence, it, A,
14 assumed all the liability that old JJCI had and by
15 operation of law generally we would say became liable
16 for those lawsuits.
17 Subsequent to LTL filing for bankruptcy,
18 there have been a number of cases that have been filed
19 despite the fact that there was an order -- a temporary
20 restraining order that named LTL as a defendant.
21 Sitting here today, I don't recall how many cases there
22 were.

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122 :17 Topic 3 references a Jones Day
18 announcement which I'm sure you're familiar with which
19 -- I'll read you the title of the announcement. If we
20 have to pull it up, we certainly can. It was on
21 November 12, 2021 where the heading was Johnson &
22 Johnson announces plans to accelerate innovation, serve
23 patients and consumers and unlock value through intent
24 to separate consumer health business.
25 Are you generally familiar with that
123 :1 announcement which J&J made in November?
2 A: I am familiar with the announcement. I think
3 this is a topic we objected to. I'm happy -- I don't
4 know what Ms. Brown wants to recommend here.

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125 :21 Q: Okay. And were you -- strike that.
22 Was anybody -- to your knowledge, was
23 anybody at RAM involved in negotiation of the contracts
24 which provide a royalty stream to RAM?
25 A: Well, the contracts that gave the royalty

126 :1 stream to RAM were not negotiated contracts. Those were
2 contracts drafted by attorneys representing all the
3 parties.
4 Again, because it was an intercompany
5 transaction, those attorneys represented all interested
6 parties and there was no third-party negotiation on
7 them.

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130 :7 Q: (By Mr. Jonas) Can I ask you, are you
8 familiar -- is it fair to say that the permitted funding
9 use, the uses for which LTL can make a request of J&J or
10 JJCI for funding?
11 A: Yes. You can call on the funding agreement to
12 pay -- these would be permitted uses for funding, yes.
13 Q: Okay. And I just want to -- was this position
14 negotiated by LTL at all?
15 MS. BROWN: Asked and answered.
16 A: Yeah. I would refer to the answers to the
17 interrogatories. Because these are intercompany
18 arrangements, there was no third-party negotiations on
19 these. All these documents were reviewed by the company
20 and its advisors for fairness; but there's no -- and at
21 any time if anyone thought something was unfair, they
22 could always raise their hand and say, Hey, this is
23 unfair. So that's the process that was used.
24 Q: (By Mr. Jonas) So as the chief financial
25 officer -- I'm sorry. As the chief legal officer of
131 :1 LTL, then is it fair to say that you believe that all
2 provisions of the amended and restated funding agreement
3 are, in fact, fair?
4 A: I believe that's true, yes.
5 Q: So I'd like you to take a look at section --
6 where we're looking here under permitted funding use,
7 particularly (c). Do you see section (c) where it
8 begins, 'The funding of any amounts to satisfy'?
9 A: I do see that.
10 Q: I think we talked about (i) yesterday. It
11 says, 'The funding of any amounts to satisfy the payee's
12 talc-related liabilities established by a judgment of a
13 court of competent jurisdiction,' et cetera. Then it
14 goes on to say 'at a time when there's no proceeding
15 under the Bankruptcy Code.'
16 I think you said it was one of LTL's
17 options that if it stayed out of bankruptcy, it would
18 have the availability in this section to seek funding of
19 talc-related liabilities. Is that generally correct?
20 A: Generally. This would be the option of going
21 forward in the tort system.
22 Q: And I guess the option that LTL chose -- that
23 is, to file bankruptcy -- that's effectively covered by
24 (c)(ii) which says, 'Following the commencement of any
25 bankruptcy case,' right? Is my understanding correct?
132 :1 A: But there's also section (b) above that deals
2 with the payment of any and all costs and expenses of
3 the payee incurred during the pendency of any bankruptcy
4 case, including the costs of administering the
5 bankruptcy case.
6 So that provision also applies if there's
7 a pending bankruptcy.
8 Q: And what is your understanding of what costs
9 and expenses means, since you made reference to it?
10 A: It's the costs of administering the case, as

11 stated there.

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134 :21 If you look at (c)(ii), is it correct
22 that -- is it LTL's understanding that Johnson & Johnson
23 and JJCI's obligations to fund LTL's talc-related
24 liabilities after the beginning of the bankruptcy case
25 is conditioned on there being a confirmed plan of
135 :1 reorganization?
2 A: That is not correct.
3 Q: Can you explain to me why that is not correct
4 pursuant to (c)(ii)?
5 A: (c)(ii) only relates to the specific issue of
6 creating a fund. All right? So if you look at (c)(ii),
7 it says, 'Following the commencement of any bankruptcy
8 case, the payee's talc-related liabilities in connection
9 with the funding of one or more trusts for the benefit
10 of existing and future claimants created pursuant to a
11 plan of reorganization for the payee confirmed by a
12 final non-appealable order of the bankruptcy court and
13 to the extent required, the district court,' and it goes
14 on.
15 So that (c)(ii) relates only to the
16 funding of a trust. All right? So that would be -- if
17 there's a settlement fund, then it's got to be approved
18 through a final non-appealable order.
19 Section (b) and section (c)(iii) deals
20 with the cost of paying talc-related liabilities not in
21 the trust.
22 Q: Okay.
23 A: So only the trust portion -- if you're going to
24 settle the cases and create a trust, then it only gets
25 funded if that's an approved -- subject to an approved
136 :1 plan.

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138 :15 How does LTL plan to fairly and equitably
16 resolve talc claims in bankruptcy?
17 A: So I'll refer to my first-day declaration where
18 there is a statement in there about how it wants to
19 settle the claims through a trust.
20 Q: Uh-huh.
21 A: So, again, I would incorporate the first-day
22 declaration answer and refer to that.
23 Q: Great.
24 A: So it states that the intent -- the intent is
25 to negotiate a trust agreement -- a settlement trust.
139 :1 Q: Okay. Thank you very much. That's very
2 helpful.
3 So now let's go back to (b)(ii). Since we
4 now understand that LTL intends to create a trust to
5 fairly and equitably resolve talc claims, that would
6 fall under -- in order to compel payment or seek payment
7 from J&J and JJCI, you'd have to look to section (c)(ii)
8 that we're looking at now, right? Isn't that where I
9 would look to find out how you're going to effect
10 payment pursuant to a trust for talc claimants?
11 A: Yes.
12 Q: Okay. And when I look at (c)(ii), isn't it the
13 case that the only way to effect that payment from J&J

14 or JJCI is pursuant to a confirmed final non-appealable
15 order of the bankruptcy court of a plan of
16 reorganization which contains, pursuant to which J&J and
17 JJCI will receive injunctive protection under either 105
18 or 524(g)? Isn't that what that says?
19 A: The agreement says what it says. Yeah, the
20 agreement says what it says.

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141 :20 Q: (By Mr. Jonas) Yeah. If you just look at the
21 last sentence. It says the JJCI value shall be
22 calculated at and only at any date on which, and it says
23 (x) the payors refuse to make a requested payment under
24 this agreement, et cetera, et cetera.
25 Again, I -- there's nothing wrong with it.
142 :1 I guess it's a good thing. I'm trying to confirm that.
2 You only have to value old JJCI if the payors refuse to
3 make a payment. So as long as they're paying, you never
4 have to value old JJCI even if they pay more than
5 whatever old JJCI's worth. That's what I'm trying to
6 understand.
7 A: I hear what you're saying. So, again, if by
8 happenstance we overshoot it, I agree that that provides
9 for that, that -- what the payment date -- when you
10 calculate the payment may be at a time where they've
11 already provided more money than the value.

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145 :10 Q: (By Mr. Jonas) And let me ask this question.
11 I'm really almost done. But has LTL determined whether
12 it will be necessary to obtain J&J and JJCI's consent to
13 the assignment of the amended and restated funding
14 agreement in order to emerge from bankruptcy?
15 MS. BROWN: Objection, beyond the scope,
16 calls for speculation.
17 A: I think that would be speculative and depend
18 upon how -- you know, what the emergence of bankruptcy
19 looks like.

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149 :7 Q: (By Mr. Block) On behalf of LTL, who was your
8 chief legal officer on October 12th, 2021?
9 A: It was me.
10 Q: Okay. And on behalf of LTL, did LTL have a
11 chief legal officer before October 12th, 2021?
12 A: It did not.
13 Q: Okay. Did LTL's chief legal officer, John Kim,
14 as of October 12th, 2021 possess years of knowledge
15 about the talc litigation that had occurred against J&J
16 in the previous years?
17 A: He previously -- he personally did. So I
18 personally have knowledge.

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149 :21 And testifying on behalf of LTL, has LTL's

22 chief legal officer, John Kim, utilized the knowledge he
23 knew about the talc litigation prior to the time that he
24 joined LTL?
25 A: I would say to some extent, yes.
150 :1 Q: Okay. Testifying on behalf of LTL, did John
2 Kim, LTL's chief legal officer, educate the LTL board
3 about certain facts relating to the talc litigation that
4 LTL's legal officer, Mr. Kim, had learned about over the
5 previous number of years before Mr. Kim had joined LTL?
6 A: There were certain facts that were reported to
7 LTL Management.
8 Q: Okay. And the board that we've been talking
9 about today was -- of LTL is Dickinson, Wuesthoff and
10 Deyo, correct?
11 A: Correct.
12 Q: And you're not on the board even though you
13 hold these positions of chief legal officer, treasurer
14 and secretary, correct?
15 A: Correct. I am not on the board.
16 Q: Okay. So you as chief legal officer of LTL,
17 you shared with the board your knowledge about the
18 volume of talc cases that had been pending against the
19 J&J entities and that were now pending against LTL after
20 its creation, correct?
21 A: I along with Andrew White at times and along
22 with the first-day declaration and informational
23 statement that was given to the board.
24 Q: Okay. And I think you said today that you had
25 shared with the board or Mr. White had shared with the
151 :1 board that you believe that the talc litigation, as it
2 then stood against LTL after its formation, was, I think
3 you said, unpredictable, correct?
4 A: I would say the verdicts are unpredictable.

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155 :19 THE REPORTER: 'Question: Okay. Well,
20 was the LTL board informed that one of the possible
21 alternatives to filing for bankruptcy was potentially
22 settling the talc cases in the tort system? Were they
23 informed of that as one of the alternatives?'
24 MS. BROWN: Beyond the scope. I object.
25 A: In discussing alternatives and going forward
156 :1 with the tort system, it was understood that, yes, we
2 can always try to settle cases.
3 But it was, again, A, you can't deal with
4 futures in the tort system. Regardless of how many
5 cases you want to settle, you can't deal with claimants
6 that haven't appeared, that haven't been represented by
7 any lawyer, that might not even have been born yet.
8 So it was discussed, yes.

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157 :3 Did LTL prior to voting on the filing of
4 bankruptcy on October 14, 2021 know that J&J had settled
5 the majority of mesothelioma cases that had been filed?

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157 :6 MS. BROWN: Object as beyond the scope.

7 Go ahead.

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157 :8 A: I think we went through the statistics of cases
9 that were there and cases that had been recalled. I
10 don't know whether we said it was the majority of the
11 cases that were filed. We did go through the statistics
12 and also noted that there could be an explosion of cases
13 in the future.

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158 :24 THE REPORTER: 'Question: Is it true
25 that -- did LTL know that when J&J had historically
159 :1 settled talc cases, that J&J considered both the facts
2 and circumstances of the case and the law firm
3 representing the particular claimant?'
4 MS. BROWN: Same objections.
5 A: Among those factors, I think the board was
6 apprised that there were a multitude of factors that
7 might go into settlement, yes.

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168 :15 Did LTL's chief legal officer and
16 secretary on October 14, 2021 know that the J&J entities
17 had paid less to settle mesothelioma claims in 2021 as
18 compared to 2020? Yes or no?
19 MS. BROWN: Same objections.
20 A: No.
21 Q: (By Mr. Block) No?
22 A: No.
23 Q: Okay. So when did the chief legal officer and
24 secretary of LTL first learn that the J&J entities had
25 paid less to settle mesothelioma claims in 2021 as
169 :1 compared to 2020?
2 MS. BROWN: Foundation, beyond the scope.
3 A: When we put together this exhibit.
4 Q: (By Mr. Block) All right. Which was
5 approximately when?
6 A: couple weeks ago.

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170 :17 THE REPORTER: 'Question: On October 14,
18 2021 did the chief legal officer and secretary of LTL
19 know whether the J&J entities had paid more or less
20 money to settle ovarian cancer claims in 2021 as
21 compared to 2020?'
22 MS. BROWN: Same objection.
23 A: LTL wouldn't have known -- LTL wouldn't have
24 known. If you want to ask me personally whether I knew
25 at that time, same answer as last time, I did not know
171 :1 the yearly breakdown until I saw -- we put together this
2 chart.
3 Q: (By Mr. Block) Okay. So the answer is the
4 same with regard to the mesothelioma claims and the
5 ovarian cancer claims. LTL was not aware of a breakdown

6 between 2021 and 2020 or any other previous years until
7 the chart was created recently and you learned about
8 that on behalf of LTL, correct?
9 A: Until I saw the chart, yes.

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172 :13 Q: Right. And you also have to include in your
14 analysis the fact that there were a number of firms that
15 no longer filed talc cases against J&J but instead
16 presented those cases to the Barnes & Thornburg firm for
17 settlement processing, right?
18 A: And there are also plaintiffs who had never
19 sued us before, law firms that had not been there that
20 appeared and started suing us now.
21 If you're going to do an analysis of why
22 there's a difference in years, then that would have to
23 be done.
24 And at the end of the day we don't think
25 that would make any difference because, again, we were
173 :1 looking at 38,000 cases with future claims and a -- you
2 know, a latency period of 60 years.

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178 :23 Q: (By Mr. Block) Okay. And it's a true
24 statement that after the Ingham verdict there were no
25 plaintiffs' verdicts in any ovarian cancer case against
179 :1 the J&J entities, correct?
2 MS. BROWN: Beyond the scope.
3 A: I believe that's true. Again, I'd have to
4 confirm that by looking at a chart, but I don't have one
5 right now.
6 Q: (By Mr. Block) Okay. And believing that

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186 :25 Q: (By Mr. Block) Okay. In terms of considering
187 :1 the alternatives to the October 2021 restructuring of
2 JJCI, my question for you is did the J&J entities ever
3 try a talc case in federal court?
4 A: So I don't know that it has anything to do with
5 an alternative to a corporate restructuring. I disagree
6 that it has anything to do with that. But I can tell
7 you there were no cases -- no ovarian cases tried in
8 federal court.

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192 :16 Q: Okay. So my question for you is a little
17 different, which is can you point to any specific
18 financial documents that support LTL's contention that
19 old JJCI was in financial distress as of October 2021?
20 A: Well, I would say -- I'm not sure what you mean
21 by financial documents. What I would say is that
22 documents affecting the finances would be basically the
23 records of all the underlying litigation.
24 So the complaints, the, you know,
25 requests -- the ad damnum clauses in the complaints, the

193 :1 trial transcripts, the requests for jury verdicts,
2 closing argument statements, expert reports. You know,
3 I can go on.
4 There are -- I would say virtually all the
5 documents in the underlying litigation are documents
6 that support the financial distress of the company at
7 the time that it filed for bankruptcy.
8 Q: What specific business records generated by any
9 J&J entity in the ordinary course of business does LTL
10 rely upon for its contention that old JJCI was in
11 financial distress as of October 2021?
12 A: The invoices that were submitted for payment of
13 fees and expenses, the books and records that's in the
14 SAP system that J&J uses to make accounting -- for the
15 accounting of expenses to its -- for its subsidiaries,
16 the 2021 year-end financials that show the loss in 2020
17 to the consumer sector.
18 I'm sure there are other financial
19 documents in the records of the accounting group that
20 document the cost of the litigation that have been borne
21 by JJCI.
22 And then there are the income statements
23 that have been produced, you know, the income statements
24 in the financial records as well.
25 So I think those would be generally the
194 :1 documents that we would rely upon to show financial
2 distress.
3 Q: Okay. What financial analysis or financial
4 projections does LTL rely upon for its contention that
5 old JJCI was in financial distress as of October of
6 2021?
7 A: Well, based upon all the documents that I
8 relayed as well as the informational statement and the
9 materials and the objections in the motion to dismiss
10 that detail the analysis of ongoing litigation and our
11 belief that because of the future litigation and the --
12 and the latency period of this, that the finances --
13 it's unsustainable.
14 There are also expert reports that were
15 recently filed that detail the financial distress of the
16 company. So that would be the stuff -- as that
17 interrogatory states, material that we rely upon.

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194 :23 Q: Yeah. Does LTL know of any specific instance
24 in which old JJCI as of October of 2021 had had
25 difficulty meeting or satisfying any debts or
195 :1 obligations that had already come due?
2 A: Again, I think LTL would not have that
3 information, and I would refer to old JJCI or the
4 records that are in that SAP system for the answer to
5 that. I don't think -- LTL would not have that
6 information.
7 Q: Has LTL ever had any difficulty meeting or
8 satisfying any debt or obligation that has come due?
9 A: Not since filing bankruptcy, no.
10 Q: Well, from the time of LTL's creation on
11 October 12, 2021, has LTL ever had any difficulty
12 meeting or satisfying any debt or obligation that had
13 come due?
14 A: I'm not sure that there was anything -- the
15 concept of coming due in that short period of time I
16 don't think is a relevant inquiry. I don't believe that

17 during that formation anything was presented to LTL.

18 Q: So was any debt or obligation presented to LTL
19 for payment between October 12, 2021 and October 14,
20 2021?

21 A: I don't believe anything was presented to LTL,
22 but it had obligations as of its formation. As soon as
23 it was formed, it had all the talc liability on it.

24 I don't know whether -- frankly, you know

25 what? It probably was true during that period those
196 :1 were submitted or invoices may have been submitted that
2 were not yet paid, and at that time LTL would have been
3 in financial distress. By the time they filed
4 bankruptcy, everything got stayed.

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199 :9 In between the time LTL was formed on
10 October 12, 2021 and when LTL filed for bankruptcy on
11 October 14, 2021, did LTL default on any existing or
12 futures debts or obligations?

13 MS. BROWN: Objection, beyond the scope.

14 A: LTL had not defaulted prior to filing
15 bankruptcy on any obligations.

16 Q: (By Mr. Block) Okay. And as to LTL's
17 contention that old JJCI was in financial distress in
18 October of 2021, does LTL know whether old JJCI had
19 defaulted on any existing or future debts or obligations
20 as of October of 2021?

21 A: LTL does not know whether JJCI had defaulted on
22 any of those things that you mentioned.

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200 :9 As to LTL's contention that old JJCI was
10 in financial distress as of October of 2021, does LTL
11 have any knowledge that old JJCI was having any
12 difficulty raising or borrowing money when needed as of
13 October of 2021?

14 A: LTL has no information about that.

15 Q: And LTL -- from October 12th, 2021 to
16 October 14th, 2021, you would not say that LTL had any
17 impaired access to capital markets, correct?

18 A: LTL doesn't know whether it had impaired access
19 because it didn't try to -- it did not attempt to raise
20 money in the capital assets market.

21 Q: Okay. And as to LTL's contention that old JJCI
22 was in financial distress in October of 2021, is LTL
23 aware of old JJCI having any impaired access to capital
24 markets as of that time in October of 2021?

25 A: LTL has no information about that.

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203 :9 QUESTIONS BY MS. BROWN:

10 Q: Mr. Kim, you were asked a number of questions
11 about the funding agreement. Do you remember those
12 questions?

13 A: I do.

14 Q: And you were asked certain hypotheticals about
15 the funding agreement. Do you remember all those
16 questions?

17 A: I do remember those questions, yes.

18 Q: Okay. Would you, sir, defer to the text of the
19 funding agreement for its meaning?

20 A: Absolutely. The text would control my
21 understanding of the agreement, yes.

22 Q: Thank you, Mr. Kim. I have no further
23 questions.

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9 :13 Q. All right. Well, I'd like to put up --
14 in that deposition, you may recall you talked
15 about a legal -- an accounting policy related to
16 legal costs. Do you recall discussing that?
17 A. Yes.
18 MR. GLASSER: Can we put Exhibit 284 in the
19 chat?
20 BY MR. GLASSER:
21 Q. Subsequent to that deposition, this
22 policy was produced to us, and I'm wondering if
23 it's the one you were referencing when you were
24 talking about an accounting policy related to
25 legal costs.

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10 :8 Q. 284. It's two pages long.
9 A. Yep, I got it here.
10 Q. So Mr. Lisman, my question to you --
11 and you can look at the second page, too, if
12 you'd like, obviously it's only two pages
13 long -- is this the policy you were referencing
14 when you said there was an internal policy
15 pertaining to accounting for legal-related
16 costs?
17 A. Yes.

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13 :2 Q. All right. Let's go back to
3 Exhibit 284.
4 Can you please look through Exhibit 284
5 and show me the words that allow for the
6 accounting of a judgment against Johnson &
7 Johnson, specifically against Johnson & Johnson,
8 for punitive damages to be allocated to JJCI?
9 Can you just look through the policy and show me
10 the words you're relying on to make that
11 decision?
12 MS. BROWN: No, I object to the exercise, and
13 it lacks foundation.
14 BY MR. GLASSER:
15 Q. Take all the time you'd like.
16 A. Okay. Let me just read it slowly,
17 please.
18 So in the first line under Section A,
19 "In general" -- "In general, payments of bills
20 for domestic affiliates shall be made by the
21 corporate law department and charged out to the
22 company to whom responsibility has been assigned
23 by the corporate finance and the corporate law
24 departments."
25 That would be the general policy that
14 :1 covers payments for legal bills or claims and
2 that it's ultimately the responsibility of the
3 domestic affiliate.

4 Q. Okay. Is there -- are there any other
5 words in this policy that are relevant to that
6 decision on your behalf to pay punitive damages
7 awarded against Johnson & Johnson and assign
8 them to JJCI?

9 Just look through the rest of the
10 policy. I want to make sure that one sentence
11 is what we're talking about.

12 MS. BROWN: Well, I -- I object to the
13 question, lacking foundation and asking for a
14 legal conclusion about the document.

15 BY MR. GLASSER:

16 Q. Go ahead, Mr. Lisman. She gets to
17 object, and then you get to answer the
18 questions.

19 A. Is there anything else in this
20 high-level policy?

21 Q. Correct.

22 A. I guess not, no.

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15 :9 Q. Go ahead. Did you download it from the
10 chat?

11 A. Yeah, yeah. One second.

12 Yeah. There's no other specific
13 language or policies here that would pertain to
14 recording costs to the local affiliates.

15 Q. All right. Blow up that one sentence,
16 the first sentence of that paragraph.

17 Okay. So the internal accounting that
18 took that \$716 million of punitive damages
19 charged against Johnson & Johnson in the Ingham
20 case and put it on the JJCI books arises from
21 this policy, the highlighted sentence, that I
22 have in front of you?

23 A. I would say this policy in addition
24 with the requirements and policies of U.S. GAAP.
25 This policy is an interpretation of
16 :1 plain-English view of what the requirements of
2 U.S. GAAP are. We do our accounting decisions
3 relying on both.

4 Q. Okay. So what U.S. GAAP rule, to your
5 knowledge, allows the corporate finance and law
6 department at Johnson & Johnson to override an
7 allocation of responsibility for intentional
8 action imposed by a court? Which GAAP -- what
9 GAAP principle are we dealing with?

10 A. Yeah. So in the building-block
11 concepts of U.S. GAAP referred to as CON, or
12 C-O-N, which I believe is short for "concept,"
13 these are the fundamentals of GAAP. It defines
14 what an asset is. It defines what a liability
15 is. It defines what revenue is.

16 And in those statements, it talks about
17 a liability shall be recorded by the entity who
18 is ultimately responsible for such cost. I'm
19 paraphrasing. I don't have the exact word from
20 U.S. GAAP, but something to that extent. If you
21 go look for it -- I think it's Concept 5 or 6 --
22 you'll see it.

23 And it talks about, generally and
24 ultimately, the liability is the responsibility
25 of one entity, unless there are contracts and

17 :1 agreements in place where liability is shared or
2 there's indemnifies or something like that. But
3 the general concept is, the liability relates to
4 the cost of the entity who is responsible for
5 that cost.
6 That fundamental concept of GAAP plus
7 this interpretation of a policy, that is what
8 would drive the accounting by JJCI.

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19 :2 Q. All right. Is there any GAAP rule that
3 says, notwithstanding legal obligation to pay,
4 we can assign it to another entity?
5 MS. BROWN: Okay. I object. It lacks
6 foundation, calls for a legal conclusion, and
7 calls for speculation.
8 THE WITNESS: GAAP is not that specific, as I
9 talked about.
10 MR. GLASSER: You can take this down.
11 THE WITNESS: GAAP talks about a liability is
12 the responsibility of the legal entity that
13 incurred that cost.
14 MR. GLASSER: All right. We just looked
15 at --
16 THE WITNESS: That's what GAAP says.

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20 :25 Q. So when you made the -- was it you who
21 :1 made the decision to allocate it -- this to JJCI
2 instead of leaving it on the J&J books? Who
3 made the --
4 A. No, it was not my decision.
5 Q. Who made the decision?
6 MS. BROWN: Calls for speculation.
7 THE WITNESS: I don't know the individual.
8 But the folks in the accounting department, in
9 the legal department, they follow the policies
10 of the company and the requirements of GAAP.
11 BY MR. GLASSER:
12 Q. To your knowledge, did anyone in the
13 accounting department ask for a legal opinion as
14 to whether or not JJCI could be allocated? I
15 don't want to know the content of the opinion,
16 but did anybody ask for a legal opinion as to
17 whether the internal accounting policy could
18 trump the judgment of a court?
19 MS. BROWN: Calls for speculation.
20 THE WITNESS: Not that I know of, no.

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22 :21 Q. So you are emailing with Mr. Decker in
22 this because he is about to have a meeting with
23 Joe Wolk, who you described earlier as the
24 person two levels above you and to whom
25 Mr. Decker reports; is that right?
23 :1 A. Correct.
2 Q. You are helping Mr. Decker decide what
3 to talk about at this meeting, correct?

4 A. Yes.

5 Q. The second bullet point is "potential
6 unique talc liability structure I mentioned two
7 weeks back and these unique complexities."

8 Do you see that?

9 A. Yes.

10 Q. Two weeks back would have been mid
11 March, right?

12 A. Yep.

13 Q. What did you mention to Mr. Decker in
14 mid March?

15 A. That's about a year ago. I probably
16 had a meeting and a discussion with some of the
17 internal J&J lawyers about --

18 MS. BROWN: And hang on a second, Adam,
19 before you finish that, I just want to caution
20 you not reveal any legal advice you may have
21 received from those lawyers or any requests for
22 legal advice you may have made to the lawyers.
23 If there are facts about that conversation, it's
24 fine to answer with those.

25 THE WITNESS: Okay. The discussion would
24 :1 have been potential avenues or structures in how
2 we are addressing the talc claims that the
3 company is facing and if there was an accounting
4 or reporting concept or attribute that I would
5 need to think about.

6 BY MR. GLASSER:

7 Q. What were the unique complexities?

8 A. I don't recall. This is a year ago.

9 Looking back with hindsight now, it
10 probably was talking about what are different
11 avenues and the accounting implications of, you
12 know, legal strategies that the legal department
13 was thinking about. But the details, I don't
14 recall.

15 Q. Okay. So the -- which lawyers?

16 A. It would have been Andrew White and
17 Erik Haas.

18 Q. Why were you having the meeting?

19 A. As part of my role, I provide
20 accounting advice and disclosure advice for a
21 lot of our most complicated and unique
22 accounting requirements. So if the business or
23 the legal department or the tax department is
24 thinking about a transaction or an event or
25 hypothetically modeling something, they will
25 :1 want to understand how would the accounting work
2 and how would the reporting work for the Johnson
3 & Johnson consolidated company, and that's a big
4 part of my job. And I have discussions with the
5 legal team on these types of matters frequently.

6 Q. So this must have been the start of
7 thinking of putting talc liability in a
8 separate -- in a company separate from JJCI
9 since it would change the reporting, right?

10 MS. BROWN: Objection, calls for speculation,
11 lacks foundation.

12 THE WITNESS: Looking back with hindsight
13 now, I would think so, yes.

14 BY MR. GLASSER:

15 Q. Because, otherwise, there wouldn't be
16 any new structure to even be discussing, right?
17 It would be housed in the existing structure,
18 correct?

19 MS. BROWN: Objection, calls for speculation.
20 THE WITNESS: I would think so, yes.

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37 :16 Q. For example, to your knowledge, you've
17 never run these JJCI financials for Michelle
18 Goodridge, have you?
19 A. No.
20 Q. Prior to asking them to be run for this
21 case, had you actually ever looked at them on a
22 standalone basis?
23 A. Me personally?
24 Q. Correct.
25 A. No. But I've never looked at any
38 :1 Johnson & Johnson legal entity standalone
2 financials ever.
3 Q. Were you involved in Project Plato?
4 A. Yes.
5 Q. You were the person helping to set up
6 the accounting for all of Project Plato?
7 A. I was one of the people providing input
8 from an accounting and reporting perspective,
9 yes.

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38 :19 Q. Do you see these names of people who
20 received an approval memorandum in respect of
21 Project Plato?
22 A. Yes.
23 Q. Did you -- were you actually on some of
24 the distributions of the drafts of this approval
25 memorandum?
39 :1 A. Yes.
2 Q. Take a minute and look at these names,
3 okay?
4 A. Yep.
5 Q. To your knowledge, did any person on
6 this screen ever see a standalone balance sheet
7 or income statement for Johnson & Johnson
8 Consumer, Inc., that's like Exhibit 235 prior to
9 October 11, 2021, to your knowledge?
10 MS. BROWN: That calls for speculation.
11 MR. GLASSER: No, it doesn't.
12 BY MR. GLASSER:
13 Q. To your knowledge.
14 MS. BROWN: It still would require him to
15 speculate.
16 THE WITNESS: I can't answer that question
17 positively or negatively. I have no idea.

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40 :1 Q. And there were regular meetings of
2 Project Plato in the months leading up to
3 October 2021; isn't that true?
4 A. Yes.
5 Q. Did you attend those meetings on a
6 regular basis?
7 A. Many of them, yes.

8 Q. At any one of the meetings you
9 attended, was a balance sheet like Exhibit 235
10 ever discussed?

11 A. Not in the meetings that I attended.

12 Q. I'm going to show you the income
13 statement which is 233. I don't want to pull it
14 up right now. But in any of those meetings, was
15 an income statement of JJCI on a standalone
16 basis entity ever shared, to your knowledge?

17 A. Not to my knowledge, no.

18 (Whereupon, Lisman Deposition
19 Exhibit 233 was first referred
20 for identification.)

21 BY MR. GLASSER:

22 Q. In those meetings that you attended on
23 a regular basis leading up to the decision on
24 October 11, 2021, you never heard an income
25 statement of Johnson & Johnson Consumer, Inc.,
41 :1 on a standalone basis discussed; isn't that
2 true?

3 A. Not that I remember, no.

4 Q. It is true you do not remember it being
5 discussed --

6 A. True.

7 Q. -- correct?

8 A. Yes.

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42 :13 Q. Let's go back to September. Were the
14 meetings less frequent in September?

15 A. I believe so. I think that October the
16 pace really picked up, yes.

17 Q. Why? Why did the pace pick up in
18 October?

19 MS. BROWN: Objection, speculation.

20 THE WITNESS: That was the timeline that the
21 legal department for the restructuring was
22 working on.

23 BY MR. GLASSER:

24 Q. So the -- so the hurry-to-get-it-done
25 by the certain date was -- was based on the law
43 :1 department time frame?

2 MS. BROWN: Misstates testimony, lacks
3 foundation, I object.

4 THE WITNESS: I could say that primarily the
5 team in the legal department were the ones
6 calling the meetings or organizing according to
7 a timeline that they were working on, yes.

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44 :5 Q. All right. So in this deal, I'll call
6 it the Plato deal, the people running point were
7 the legal department?

8 A. Yes.

9 Q. In particular, Erik Haas?

10 MS. BROWN: Objection, speculation.

11 THE WITNESS: Erik was involved amongst many
12 others.

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Page 50

50 :17 Q. Okay. Who told you when you were
18 running the legal entity, Johnson & Johnson
19 Consumer, Inc., to exclude companies it owns?
20 A. No one told me that. This is how the
21 SAP report is set up, applying how Johnson &
22 Johnson does accounting for its companies and
23 its subs.
24 Q. But as a metaphysical legal fact, it
25 does not, in fact, roll up all the gross income
51 :1 of the things Johnson & Johnson Consumer, Inc.,
2 actually does own, true?
3 A. We do not apply consolidations of
4 individual Johnson & Johnson subs within the
5 company's consolidated financial statements;
6 otherwise, you'd be double-counting things when
7 you roll it all up.
8 Q. So it is a fact, then, that JJCI, on a
9 standalone basis, does not have its own entire
10 consolidated financial statement?
11 A. As far as I'm aware, no one is
12 preparing a consolidated set of financial
13 statements for JJCI. There's no accounting
14 requirement that would require that.
15 Q. Got it. It's, therefore, the case that
16 even to this day, Michelle Goodridge could not
17 possibly have ever seen a set of financial
18 statements that is the actual entire legal
19 entity of Johnson & Johnson Consumer, Inc.;
20 isn't that true?
21 MS. BROWN: I object. It's vague, and it
22 calls for speculation.
23 THE WITNESS: I couldn't comment to what
24 Michelle has seen. There are ad hoc -- or there
25 are things -- there could be financial
52 :1 information put together for different purposes.
2 Have I seen it? No.
3 BY MR. GLASSER:
4 Q. All right. So it is a true statement
5 that JJCI does not, in fact, maintain income
6 statements that truly consolidate everything it
7 owns on a regular basis?
8 MS. BROWN: Objection, misstates testimony,
9 lacks foundation.
10 THE WITNESS: I don't know all of the
11 different potential ways that you could run
12 reports in SAP for JJCI. There may be a way to
13 do it. I'm not aware. I -- I have not seen it.

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52 :25 Q. Therefore, to make an income statement
53 :1 that, in fact, consolidates what Johnson &
2 Johnson Consumer, Inc., legally owns, you would
3 have had to do something abnormal, correct?
4 MS. BROWN: Objection, lacks foundation,
5 calls for speculation.
6 THE WITNESS: If there was a hypothetical
7 request to ask for a set of standalone
8 consolidated financial statements of JJCI and

9 all of the subsidiaries that it owns, they would
10 have had to run a different kind of analysis,
11 yes.

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68 :16 Q. Let's go back to Exhibit 285. Go ahead
17 and pull it up so we can remember what it was.
18 I'm back to the unique liability
19 structure. Are you with me, second bullet
20 point?

21 A. Yes.

22 Q. The unique liability structure is what
23 allowed the bankruptcy of only LTL and not old
24 JJCI; you would agree with me, right?

25 MS. BROWN: Objection, speculation,
69 :1 foundation.

2 THE WITNESS: Looking back with hindsight
3 almost a year later, the structure that is in
4 place with LTL and the QSF fund, those are
5 unique complexities that require accounting
6 thought that we had to apply.

7 BY MR. GLASSER:

8 Q. And the manifestation of that is that a
9 subsidiary is bankrupt, not Johnson & Johnson
10 Consumer, Inc., correct?

11 MS. BROWN: Foundation, I object.

12 THE WITNESS: The physical -- or the actual
13 subsidiary that filed for bankruptcy isn't
14 terribly relevant. We would need to think about
15 how to account for a subsidiary that filed for
16 bankruptcy. That is what I needed to think
17 about.

18 BY MR. GLASSER:

19 Q. But wasn't the whole purpose of these
20 weeks of Plato meetings that we've talked about
21 carving out an acceptable subsidiary to file
22 bankruptcy?

23 MS. BROWN: Objection, calls for speculation,
24 lacks foundation.

25 THE WITNESS: One of the topics of the
70 :1 aspects of the Plato transaction contemplated
2 potential bankruptcy.

3 BY MR. GLASSER:

4 Q. For a specific created subsidiary?

5 A. For a subsidiary that was being
6 affected as a result of the reorganization.

7 Q. Created for that purpose, correct?

8 MS. BROWN: Objection, vague.

9 THE WITNESS: As far as the detailed purpose
10 of what it was created for, that would be
11 outside of my scope from a legal perspective.
12 And as I mentioned, there were other things that
13 are folded into the subsidiary like RAM that we
14 talked about.

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71 :18 Q. Let's go to Exhibit 286. Blow up the
19 top.

20 You recognize 286 as a Microsoft Teams
21 meeting invite between you, Mr. Lisman,

22 Dan Prieto, a lawyer at Jones Day, and
23 Andrew White, on April 14, 2021. Do you see
24 that?
25 A. Yes.

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89 :24 Q. Were you present in any meetings where
25 it was discussed whether 2 billion was too much?
90 :1 A. No.
2 Q. Were you present in any meetings where
3 it was discussed whether 2 billion was too
4 little?
5 A. No.
6 Q. Do you have any idea who chose the
7 2 billion?
8 A. As far as an individual person?
9 Q. Right.
10 A. No. It's -- it's a collaborative
11 effort with the legal team.

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92 :20 Q. All right. So based on the 20- -- the
21 up to 24 meetings you've attended on this
22 subject, to your knowledge, has anybody ever
23 contemplated that this overall liability could
24 exceed \$6 billion?
25 A. Not that I recall. The purpose of the
93 :1 meetings is to understand the current facts and
2 circumstances that are in place as of the
3 upcoming balance sheet date for the quarter.
4 So I need to understand where we are
5 with trials or settlements and what might be
6 happening to make sure we record the accounting
7 reserves appropriately under GAAP.

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99 :2 Q. All right. Isn't it a fair reading of
3 this answer to JP Morgan that Johnson & Johnson
4 as of October 14, 2021, was telling JP Morgan
5 that they believe 2 billion is enough to satisfy
6 future and current liabilities?
7 MS. BROWN: Object to the form, lacks
8 foundation, calls for speculation.
9 THE WITNESS: That's what's written. You
10 essentially just reread what's there.
11 BY MR. GLASSER:
12 Q. Correct. Therefore --
13 MS. BROWN: Hold on, Brian. He was not done
14 with his answer.
15 Mr. Lisman, please finish.
16 THE WITNESS: I have no comment outside
17 what's written there.
18 BY MR. GLASSER:
19 Q. All right. But let's just drill down
20 on your lawyer's objection.
21 I'm not speculating that Ms. Romanko
22 told Mr. Schott it was enough to satisfy future
23 and current liabilities, right?

24 A. If that's what's in the email that Lisa
25 wrote, yes.
100 :1 Q. It's not speculation, is it? It's what
2 you all said.
3 MS. BROWN: Well, I object. That lacks
4 foundation.
5 THE WITNESS: I'm reading what's there.
6 That's what's written.
7 BY MR. GLASSER:
8 Q. All right. Did Mr. White object and
9 say, oh, no, it could be 5 billion?
10 A. Not from the email that I'm staring at.
11 Q. Did you object and say, That's insane,
12 obviously it should be higher than 2 billion?
13 A. I did not.

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102 :8 Q. Do you agree that Johnson & Johnson
9 ought not omit to state a fact when it is
10 material -- when it would make the statements of
11 fact correct as well? You understand both those
12 obligations, right? You cannot omit a material
13 fact either if you make a misleading statement.
14 Do you agree?
15 A. Yes.
16 Q. All right. And you agree that it's
17 important that we be precise in our answers when
18 we're talking to the investing public, I would
19 assume?
20 A. That we are precise up to the point
21 that we're not disclosing nonmaterial public
22 information.

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109 :15 THE WITNESS: It's the same answer that we
16 covered when we were looking at the PwC audit
17 rep letter from the third quarter.
18 BY MR. GLASSER:
19 Q. All right. So --
20 MS. BROWN: He's still speaking.
21 BY MR. GLASSER:
22 Q. Go ahead.
23 A. As of the balance sheet date,
24 the \$2 billion was the probable and reasonably
25 estimable reserve under GAAP for the current and
110 :1 future claims. Same language that's in the PwC
2 rep letter, the same language that we disclosed
3 in the 8-K is the same language we put in our
4 10-Q filed a couple weeks after that. That is
5 my responsibility, those three documents. And
6 if an analyst asked about it, it should all be
7 the same or else I'm not doing my job. The
8 accounting --
9 BY MR. GLASSER:
10 Q. You agree this answer to this analyst
11 is not the same as your October 29th letter we
12 looked at that has the reasonable and estimable
13 disclaimer?
14 A. Agreed. The technical accounting
15 language that's included in the management rep

16 letter, I agree it's not in the answer there.
17 Q. You think it should have been included?
18 MS. BROWN: Speculation.
19 THE WITNESS: It would have helped clarify
20 the basis for the 2 billion to the analyst. If
21 that would have helped him or her, then yes.

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113 :22 Q. All right. So, essentially, you know
23 -- I know the analyst doesn't know where you're
24 going, but the company is basically a billion
25 dollars below the analyst internally when he
114 :1 asks this question, right?
2 MS. BROWN: Objection, foundation.
3 THE WITNESS: If you're comparing a number
4 that we had on our books to a hypothetical
5 number asked by an analyst with no facts, sure.
6 BY MR. GLASSER:
7 Q. Okay. Great.
8 So the answer to the guy -- I
9 understand you're not saying you're right,
10 3.5 billion is fair, we should extrapolate the
11 settlements. In fact, your July letter, if
12 you'll recall, said you don't do that, right?
13 A. Yep.
14 Q. So the upshot of the July letter we
15 looked at, which was exhibit -- for the record,
16 Exhibit 112, was, no, that's not what we should
17 be doing, extrapolating across future
18 settlements to come up with a number, right?
19 A. That's what we stated, yes.

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120 :11 Q. All right. So this is Bernstein coming
12 in. Okay.
13 And the Bernstein analyst at two there
14 asked how you settled on the \$2 billion number.
15 Do you see that?
16 A. Yep.
17 Q. And basically it says it's the same
18 answer, "we believe 2 billion is enough to
19 satisfy current and future liabilities."
20 Do you see that answer? Maybe it's
21 hard to read.
22 A. Yeah, I could --
23 Q. Could you blow that up?
24 A. Yeah, I could make it out, though.
25 Q. So it's not quite the same question
121 :1 asked by the prior analyst at JP Morgan, but
2 it's the same answer, right?
3 A. Yep.
4 Q. And then at the top, though, before --
5 again, what Lisa's doing here is she's going
6 back to Andrew White and you to confirm that her
7 answers were reasonable, right?
8 A. Yeah.
9 Q. We've already discussed your role.
10 Andrew White, I take it, was kind of
11 point-of-the-spear-guy on talc liability
12 assessment every quarter as well.

13 Did he work with you every quarter on
14 this?
15 A. Yes. I worked with Andrew, yes.
16 Q. And he checks off "good" here, right?
17 A. Yep, that's what he said.

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122 :24 Q. So this is you and Mr. Decker working
25 to prepare for a September 13th audit committee
123 :1 meeting, right?
2 A. Yes.
3 Q. And you actually do a redline of
4 Mr. Decker's remarks that he's going to make at
5 the audit committee. If we go to page 2, you'll
6 see your redline.
7 Well, you know what, first on page 1,
8 can you read the email to understand that you
9 did make and track changes?
10 A. Yes, yep.
11 Q. Now, let's go to page 2. And you -- at
12 the bottom here, you say -- you add the word
13 "currently" to [as read]: not extrapolate a
14 range of loss since settlements to date have
15 been unique and one-off in nature.
16 Do you see that?
17 A. Yes.
18 Q. That's consistent with the statement
19 made to the auditors in the July 29th letter
20 that we read before, right?
21 A. Yes.
22 Q. You go on to add that [as read]: Any
23 substantial settlement program we execute could
24 require us to extrapolate -- you taught me that
25 word -- extrapolate for a disclosed potential
124 :1 range of loss.
2 Do you see that addition?
3 A. Yes.
4 Q. What is the GAAP basis or what was the
5 basis for that addition?
6 A. So the extrapolation concept requires
7 that a population of data -- it could be claims
8 or anything else -- is essentially uniform in
9 nature and, therefore, you know, a price tag or
10 an economic value of one item is representative
11 of the entire population.
12 So statistically speaking, does my
13 population in question, is it generally uniform
14 in nature. And if it is, that would be one of
15 the first gates to get through to apply any sort
16 of extrapolation concept.

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131 :20 Q. Okay. And do you agree that the
21 obvious purpose of this structuring is to put a
22 top on it?
23 MS. BROWN: I object, lacks foundation,
24 misstates the evidence.
25 THE WITNESS: Nothing that I ever saw or gave
132 :1 input on was about capping or putting a top on.
2 Was the reorganization a structure to,

3 say, work through the claims in a different
4 manner than we have been before? Yeah.
5 That's -- we were changing the legal entities.

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133 :3 Q. Okay. Great. So you would agree with
4 me that all things being equal, the spinout
5 of -- of the consumer health into a separate
6 publicly-traded company would benefit from
7 knowing the talc liability?
8 MS. BROWN: Objection, speculation,
9 foundation.
10 THE WITNESS: Would it benefit? It would be
11 a variable and a factor that an investor would
12 need to understand.
13 BY MR. GLASSER:
14 Q. Right. I mean, you worked in capital
15 markets. You understand that investors want to
16 be able to predict, right?
17 A. Yes.
18 Q. And you understand that investors like
19 certainty around financial statements more than
20 uncertainty?
21 A. Absolutely.

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134 :4 Q. All right. So you know that when you
5 go on the road show, the less question marks
6 around a company you can have, the better,
7 right?
8 A. Being able to answer questions from
9 investors on an IPO road show, that's critical,
10 yes.
11 Q. All right. And the more you can have a
12 concrete answer to a concrete question, the
13 better you're going to do on that road show,
14 right?
15 A. Yes.
16 Q. So just based on your prior M&A
17 experience and capital-markets experience, I
18 think you'd agree with me that if it were the
19 case that the amount of the talc liability
20 embedded in LTL could be known by the time of
21 the spin-off of the consumer group into a
22 separate public company, it would be helpful,
23 right?
24 MS. BROWN: Speculation, improper
25 hypothetical.
135 :1 THE WITNESS: The -- the -- the way I would
2 think about it is if you're offering shares in a
3 new public company, understanding the risks and
4 uncertainties and liabilities known and unknown
5 would be a critical factor, yes.

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140 :23 Q. So just to orient you to 296, you
24 recognize this as an email between you and
25 Marijke -- I don't even know how to say that.

141 :1 A. Marijke --
2 Q. Marijke --
3 A. -- Vertenten.
4 Q. -- about whether or not LTL would
5 qualify as a significant sub, just to orient
6 you.
7 There's --
8 A. Yeah.
9 Q. -- some other email that were between
10 Mar- -- Marijke and Michelle Ryan that I haven't
11 shown you where an analyst at Moody's was asking
12 about defaults under bonds. So that may help
13 you.
14 Were you running down the answer for
15 Marijke on this issue?
16 A. Yeah, I think I was providing some
17 input on how to think about significant
18 subsidiaries.

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141 :23 Q. Explain to me how we understand whether
24 a subsidiary is significant in your mind.
25 A. Yeah, so it really defines on the
142 :1 definition of significant. My view is, the SEC
2 has rules about what a significant sub is and it
3 gives you quantitative thresholds.
4 Generally, off the top of my head --
5 it's been a little while -- if an individual sub
6 is 20 percent or more of the consolidated
7 parents' revenue or assets, then, by default,
8 it's defined as "significant." I think that was
9 the context I was trying to give her.
10 Q. All right. All right.
11 So, therefore -- let's go revenue --
12 the total revenue of J&J is approximately
13 80 billion a year, right?
14 A. 90, yeah.
15 Q. All right. So 20 percent would be
16 18 billion. That --
17 A. Yep.
18 Q. -- would be the significance threshold,
19 right?
20 A. Yep.
21 Q. On a revenue basis.
22 And then on an asset basis, do you go
23 book value of assets?
24 A. Yes.
25 Q. So you'd use that 70 billion we looked
143 :1 at before, right?
2 A. No. I would use total assets, which is
3 the asset number, which is, like, 160 billion.
4 Q. Okay. So 32 billion would be the
5 significance threshold, then?
6 A. In that test, yep.
7 Q. So under the two tests, it's pretty
8 obvious LTL is under that under any
9 circumstances, is what you're basically saying?
10 A. Correct.
11 MR. GLASSER: Let's go to Exhibit 297.
12 (Whereupon, Lisman Deposition
13 Exhibit 297 was first referred
14 for identification.)
15 BY MR. GLASSER:

16 Q. This is Oct- -- October 1st. It's an
17 email with Mark Schneider and you having to do
18 with something around a sales package, and I
19 really just want to know what, if any- -- what
20 is that? What were you guys talking about?

21 A. Yep. So the sales package is,
22 basically, our report that we issue at the end
23 of a fiscal quarter. That goes to the executive
24 board and investor relations team, and it really
25 is an analysis of what the company's sales look
144 :1 like.

2 Q. All right. And in the middle of the
3 page, it says here -- you were saying [as read]:
4 Hi - was hoping the three of us can spend an
5 hour together papering out some JE's together
6 for these transactions.

7 What are you talking about there?

8 A. Within the context of the Plato
9 subject, any time we are creating new legal
10 subsidiaries or management reporting companies,
11 we need to record accounting transactions that
12 are going to reflect how those entities were set
13 up, what's included in those entities, and model
14 out how the accounting is going to look.

15 So as we were contemplating the Plato
16 structure, these are two directors on my team
17 that I needed some help to think about how the
18 accounting would work.

19 Q. What does the acronym JE stand for for
20 lay people?

21 A. Journal entry.

22 Q. Oh, Okay. Thanks. Great. All right.

23 Got it.

24 Let's go back to Exhibit 298.

25

145 :1 (Whereupon, Lisman Deposition
2 Exhibit 298 was first referred
3 for identification.)

4 BY MR. GLASSER:

5 Q. Later that same -- October 1st in the
6 evening, 7:46 p.m., it looks like you're working
7 both shifts now on this Plato thing, agreed?

8 A. It seems like that, yeah.

9 Q. So this is an email from Thomas McCann
10 to you and some others setting up a meeting to
11 discuss the funding agreement.

12 Do you agree with that?

13 A. Yep.

14 Q. Had you, prior to this October 1st
15 meeting, understood there would be such a thing
16 as a funding agreement?

17 A. I don't believe so. It all happened,
18 as we talked about, pretty quickly.

19 Q. So this was maybe -- I'm not -- you
20 know, it's not the end of the world if it's not.
21 But I'm saying, is this maybe your first
22 introduction to the concept of the funding
23 agreement?

24 A. It probably came up in discussions
25 they're working on a funding agreement, hence,
146 :1 this is the meeting to talk about it. So this
2 day or the day before, likely.

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146 :25 Q. So this is an email between you,
147 :1 Mr. Wolk, and Mr. Decker on October 5, 2021.
2 Do you see that?
3 A. Yep.
4 Q. At the bottom you say [as read]: Quick
5 change from what I talked about -- talked to you
6 about on Monday. There will be no 8-K event
7 this week.
8 Do you see that?
9 A. Yes.
10 Q. So it must be the case that you had
11 previously believed that the LTL filing for
12 bankruptcy, which would necessitate an 8-K,
13 would happen this week of October 5th, right?
14 A. Yes. We were clear that if and when it
15 occurred, it would be an 8-K event and Joe, as
16 the CFO, needs to know those things.
17 Q. What caused it to move for a week?
18 A. I don't remember. I don't know.
19 Q. Huh, that is interesting.
20 So the reserve would be booked for Q3.
21 I guess you can book the reserve even though you
22 don't make the payment, that's the distinction,
23 right?
24 A. Partly right, so yes.
25 Under GAAP -- again, not to rehash it,
148 :1 but we record a reserve when it's probable and
2 reasonably estimable. But we couldn't book the
3 reserve until the transaction was effected.
4 Q. So you couldn't book the reserve in
5 Q -- but the transaction wasn't -- your quarter
6 ended October 3rd, the transaction was the 11th.
7 How could you book it in the third quarter?
8 A. So we talked a bit before. There are
9 different kinds of subsequent events.
10 There is a subsequent event which is
11 called a recognized subsequent event and there's
12 one called a nonrecognized subsequent event
13 under GAAP.
14 A recognized subsequent event is what
15 the Plato transaction was, which means under
16 GAAP, I became aware of new information that
17 essentially existed or relates to a potential
18 liability or claim that existed as of the
19 balance sheet date, which was what Joe was
20 referring to for Q3.
21 So if legal contingencies, product
22 liability are one of the areas under GAAP, they
23 are generally treated as a recognized subsequent
24 event. If you become aware of something that
25 changes what the liability should have been that
149 :1 existed as of the balance sheet date, I need to
2 change it.

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149 :17 Q. This is not an email that you were on,
18 but we unfortunately received it in its
19 unredacted form after the deposition of

20 Ms. Ryan.

21 So I'm just going to ask you if you
22 know what the Diamond assets are. Let's blow up
23 that top two paragraphs and -- yeah, let him
24 see.

25 I didn't get a chance to ask Ms. Ryan
150 :1 about it. It's October 7th. It's between
2 Duane Van Arsdale and Michelle Ryan and they're
3 talking about the funding agreement is being
4 structured in a way that JJCI can "spin out" the
5 Diamond assets up the chain or to create a new
6 legal entity and be unencumbered going forward.

7 What is Diamond?

8 A. Diamond is the project name for the now
9 announced spinout or separation of the consumer
10 health business from J&J.

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151 :19 Q. From the perspective of making a clean
20 spin of the consumer products as a separate
21 company, structuring the talc liability to a
22 nonoperating subsidiary of J&J that might not be
23 spun would make a cleaner balance sheet for the
24 spun Diamond entity, right?

25 MS. BROWN: That lacks foundation and calls
152 :1 for speculation; I object.

2 THE WITNESS: If we were going to separate
3 the consumer health business and liabilities
4 associated with talc were not included based
5 upon how that spin was structured, then,
6 correct, the liabilities would not go with it,
7 if that's how the deal was done.

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152 :15 Q. Okay. Have you had a discussion about
16 this concept with anybody?

17 A. About what -- how we were going to
18 treat the talc liabilities in context of the
19 consumer health transaction?

20 Q. Yes.

21 A. Yes. In the context of the financial
22 statements that are being prepared for the
23 consumer health segment and transaction.

24 Q. And what is the plan?

25 A. We were setting out a course to prepare
153 :1 the consumer health financial statements without
2 including the historical liability and expenses
3 and reserves associated with talc.

4 Q. The structuring accomplished with
5 Project Plato assists in that endeavor, correct?

6 MS. BROWN: Objection, foundation.

7 THE WITNESS: As far as the legal merits and
8 structure, I don't know. My responsibility as
9 it pertains to the consumer health transaction
10 is to provide input on what's called "carveout
11 financial statements." Carveout financial --

12 BY MR. GLASSER:

13 Q. Go ahead.

14 A. Carveout financial statements are used
15 to an IPO. They have to be filed with the SEC.

16 That's my area of expertise.
17 When you prepare carveout financial
18 statements, you need to know what is the
19 perimeter of the business and assets and
20 liabilities that you're going to reflect in
21 those financial statements.
22 We are preliminary modeling the
23 transaction. These financials would not include
24 it.
25 Q. Would not include talc?
154 :1 A. Correct.

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155 :4 Q. What did that delta turn out to be in
5 respect of the QSF?
6 A. I think the net income statement
7 reserve charge in the third quarter was about
8 \$1.4 billion.
9 Q. Oh. So you think there was only
10 600 million on the accrual at that moment and
11 you added the 1.3, or there was 700 --
12 A. That's what the math was because in the
13 bullet there, that 1.3 billion that you
14 quoted --
15 Q. Yeah.
16 A. -- that's as of Q2 or June.
17 We did this transaction in October, so
18 there were likely payments that may have been
19 made that reduced the reserve.
20 So, again, I have to -- I have X and I
21 need Y; I had to figure out what the delta was.

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164 :19 Q. Let's go to 22. Just the first bullet
20 point [as read]: This case is not an indication
21 of future litigation strategy. The cosmetic
22 talc claims present a unique situation.
23 Do you see that?
24 A. Yeah.
25 Q. What did you understand the company to
165 :1 be trying to convey to this -- to its audience
2 by saying this?
3 MS. BROWN: Objection, speculation.
4 BY MR. GLASSER:
5 Q. You, what did you understand?
6 MS. BROWN: Same objection.
7 THE WITNESS: All I can say is what do I
8 understand is what I read here and what I was
9 told, that this individual case is not an
10 indication of future strategies. This is a
11 unique matter and that's all I know from a
12 litigation strategy perspective.
13 Again, I'm not an attorney and it's not
14 my area.

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172 :12 Q. Oh. You were shown an email from
13 October that dealt with the funding agreement,

14 and I believe you said that was the first time
15 you had any involvement in the funding
16 agreement, correct?
17 A. Yeah, I think my general knowledge of
18 the funding agreement probably started early
19 October, correct.

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186 :19 Q. Okay. And why were you suggesting that
20 Mr. Decker bring up this idea for a potential
21 unique talc liability structure to Joseph Wolk,
22 the CFO of Johnson & Johnson, in March of 2021?

23 A. Yep. So as the legal team was
24 evaluating different structures and avenues to
25 deal with the claims being brought against the
187 :1 company, depending upon the structure, the
2 commitment from the company, there could be
3 accounting and disclosure events which came to
4 fruition in mid-October.

5 If we're going to have a significant
6 accounting or disclosures type event that
7 investors need to be aware of, Mr. Wolk needs to
8 understand that.

9 Q. Okay. You said something about lawyers
10 in the context of this potential unique talc
11 liability structure, correct?

12 A. Yes. I work with the legal team in
13 understanding the talc matter as a whole, yes.

14 Q. Okay. And are you talking -- are you
15 talking about the litigation team including
16 Erik Haas and Andrew White?

17 A. Yes. As we talked about, every quarter
18 I meet several times with the litigation team
19 depending on the topic. I oversee all of them.
20 So for talc, it would be Mr. White and Mr. Haas.

21 Q. Okay. Who first brought up the issue
22 of a potential unique talc liability structure
23 in March of 2021?

24 A. I don't remember exactly who. It would
25 have been -- those were the two attorneys within
188 :1 J&J that I work with on talc.

2 Q. Okay.

3 A. It could have been either.

4 Q. Did you initiate the discussion of a
5 talc liability structure with Mr. White or
6 Mr. Haas or did they initiate that discussion
7 with you?

8 A. Yeah, I'm not a litigation attorney.
9 My role is to give input around the financial
10 implications. So the legal team is tasked with
11 being responsible for the litigation. I provide
12 the accounting advice.

13 Q. Okay. I see.

14 So in March of 2021, Erik Haas and
15 Andrew White brought up the idea of a potential
16 unique talc liability structure to you and
17 sought out your accounting and financial
18 perspective on that, correct?

19 A. Yeah. As they are working through the
20 claims and how the company is managing them and
21 they're thinking about scenarios or structures,
22 they would need to understand what the
23 accounting implications are and that's what they

24 talked about with me.

25 Q. Okay. And you understood that this was
189 :1 one of the litigation strategies that Mr. Haas
2 and Mr. White were considering for the talc
3 litigation at this time in March of 2021,
4 correct?

5 MS. BROWN: Objection, foundation.

6 THE WITNESS: If Mr. White or Mr. Haas asked
7 me how the accounting worked for a potential,
8 you know, talc structure work, presumably they
9 were considering that. I can't tell you for
10 sure. But if they asked me the question, I
11 would have provided input.

12 BY MR. BLOCK:

13 Q. Right.

14 And you understand that Mr. Haas and
15 Mr. White are litigators for Johnson & Johnson
16 that were working on the talc litigation and
17 they were looking for your accounting and
18 financial perspective on the litigation strategy
19 of setting up a talc liability structure in
20 March of 2021, correct?

21 MS. BROWN: I object to the foundation of
22 litigation strategy.

23 BY MR. BLOCK:

24 Q. Is that correct, sir?

25 A. I provided accounting input around
190 :1 potential legal avenues and what might happen.

2 Q. Okay. So -- so the potential unique
3 talc liability structure was brought to your
4 attention in March of 2021 by J&J's litigators
5 Erik Haas and Andrew White as one of the legal
6 avenues of dealing with the talc litigation,
7 correct?

8 A. Those are the two attorneys that I
9 discuss talc matters with. They are the only
10 two, so yes.

11 Q. All right. And when you say those are
12 the only attorneys you discuss talc matters
13 with, you're talking about the talc litigation
14 matter, correct?

15 A. Yes, correct. I want to say they're
16 the only two internal J&J attorneys. There's
17 obviously other outside counsel as well.

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191 :23 Q. Okay. So in April 2021, you made
24 Mr. Prieto of Jones Day aware of the accounting
25 policy of Johnson & Johnson whereby all
192 :1 talc-related expenses and charges, even those
2 imposed directly on Johnson & Johnson by a
3 judgment, are booked to JJCI, correct?

4 A. Yeah, I think we talked through the
5 accounting mechanics and how it gets reflected
6 on the financial records of J&J.

7 Q. Okay. And as of this time in April of
8 2021, you knew that Johnson & Johnson was
9 considering placing its talc-related liabilities
10 into a bankruptcy process, correct?

11 MS. BROWN: Objection, foundation.

12 THE WITNESS: I did not know that was
13 happening for sure. Was it an alternative that
14 people were potentially thinking about, yes.

15 BY MR. BLOCK:
16 Q. Okay. So you knew that -- strike that.
17 So as of April 2021, you knew that
18 Johnson & Johnson was at least considering
19 placing talc-related liabilities and placing
20 them into a bankruptcy process, correct?
21 A. Did I know in April that the word

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197 :7 Q. Okay. And by this time, in July of
8 2021, you did know that Johnson & Johnson was
9 considering placing talc-related liabilities
10 into a bankruptcy process, correct?
11 A. I knew it was one of the alternatives
12 that were being thought about, yeah.
13 Q. Okay. You knew it was one of the
14 things that Johnson & Johnson was considering in
15 July of 2021, correct?
16 A. Yes.

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204 :17 Q. Mr. Lisman, is there anything in these
18 two sentences of Ms. Ryan's email which talks
19 about capping our liability and capturing the
20 liability in a subsidiary and bankrupting that
21 subsidiary that you believe is factually
22 inaccurate?
23 MS. BROWN: All the same objections. Go
24 ahead.
25 THE WITNESS: I can't personally address to
205 :1 what Ms. Ryan meant in the context of her email
2 of her response. I don't know. But as far as
3 we were looking at different structures to
4 manage the talc claims, was that true, yes.
5 I've established that there were
6 multiply scenarios and different things going on
7 in the legal environment that I was aware of and
8 I'm reading Michelle's emails to say we are
9 looking at a number of ways. That's all I can
10 comment on.

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213 :2 Q. Back to Exhibit 293. You were asked
3 about this earlier. An email from you,
4 Mr. Lisman, on September 23rd, 2021, to Carl
5 Stanzione. Subject: Plato LE Set Up.
6 Do you see that?
7 A. Yes.
8 Q. And you explained to us earlier that LE
9 stands for legal entity, and this email chain
10 was about actually setting up the LTL legal
11 entity, right?
12 A. Correct.
13 Q. Okay. And you tell Mr. Stanzione to
14 convey to someone else that this is urgent,
15 correct?
16 A. Yes.
17 Q. Okay. Who told you that setting up the

18 LTL legal entity was urgent as of September
19 23rd, 2021?

20 A. It would have been my understanding in
21 the overall project, and using the word "urgent"
22 in this context it takes days, if not longer.

23 To get a management company set up within
24 Johnson & Johnson you need things like a
25 taxpayer ID, a name, cost centers, a whole bunch
214 :1 of administrative information which takes a
2 while. So the "ask" was to get moving on it
3 quickly.

4 Q. Okay. Did someone tell you or direct
5 you about these matters, including getting LTL,
6 the legal entity set up, did anybody tell you
7 that was something that was urgent as of
8 September of 2021?

9 A. As part of the overall project, it
10 was -- people were working quickly. That was
11 the general understanding. As far as exact
12 dates, I can't comment on the exact dates.

13 Q. Okay. Earlier you were looking at a
14 document with Mr. Glasser and you testified that
15 J&J was aiming to have the LTL bankruptcy filed
16 I think the week of October 4th but it got --
17 ended up getting put over to October 11th,
18 right, the week of October 11th?

19 A. I don't think I said the word "aiming".
20 But planning, yes.

21 Q. Okay. And you would have been aware of
22 that target date of October -- of the week of
23 October 4th, 2021, for the filing of the
24 bankruptcy when you were working with
25 Mr. Stanzione to get the LTL legal entity set up
215 :1 here on September 23rd, 2021, correct?

2 A. Yes, we needed to be aware of the dates
3 of what was happening so we could get the
4 accounting correct. That's what my role is.

5 Q. And do you have any understanding of
6 why J&J was aiming to have the LTL bankruptcy
7 filed by that early October time frame?

8 A. No, I do not.

9 Q. Who told you that J&J was aiming to get
10 the LTL bankruptcy filed by early October?

11 A. It would have been in context of the
12 overall project team, that here's the dates that
13 we're working toward. October was the date and
14 that's when the meetings were going on.

15 Q. Okay. Did -- was Erik Haas or Andrew
16 White one of the people that told you that J&J
17 as aiming to get the LTL bankruptcy filed by
18 early October?

19 A. No, the project team, which was
20 coordinated which we looked at some of the memos
21 and documentation was Chris Andrew with some
22 other J&J team.

23 As far as the logistics and the timing
24 and the work streams, it was all with that team.

25 Q. Okay. So Chris Andrew was one of the
216 :1 people that told you that J&J was aiming to have
2 the LTL bankruptcy filed by early October?

3 MS. BROWN: I object. It lacks foundation.

4 THE WITNESS: I don't recall if Chris Andrew
5 used those exact words. We were working on a
6 timeline to get the structures and the entities
7 and the accounting completed at the end of

8 September, into October. The exact dates I
9 can't comment on.
10 BY MR. BLOCK:
11 Q. Chris Andrew was one of the people that
12 was directing this timeline, correct?
13 A. He had a -- he had an oversight role,
14 yes.
15 Q. Okay. Other than Chris Andrew, who
16 else was directing the timeline for the LTL
17 bankruptcy filing?
18 A. Chris was the primary point of contact
19 coordinating all of the work streams. That was
20 who I worked with, as we saw.

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228 :23 Q. Okay. So -- so the information
24 provided by J&J's legal team that you just
25 referred to, along with your quarterly talc
229 :1 memos, is that the information that you think
2 would have the information needed if someone
3 were to attempt to project J&J's current or
4 future talc liabilities?
5 MS. BROWN: I object. It lacks foundation,
6 calls for speculation.
7 THE WITNESS: I would not use that
8 information to do any kind of projecting. I use
9 that information to get the accounting right at
10 the end of a given quarter. That's it.
11 BY MR. BLOCK:
12 Q. Okay. And your -- were your
13 projections of J&J's current and future talc
14 liabilities in those quarterly talc memos that
15 you provided to business people at J&J?
16 MS. BROWN: Objection, foundation.
17 THE WITNESS: I have never made a projection
18 of what future liability would be, no.
19 BY MR. BLOCK:
20 Q. And to this day, you have never
21 attempted to project J&J's future talc
22 liabilities, correct?
23 A. No, I have not.
24 Q. Do you know if anyone has?
25 A. Not that I'm aware of.

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243 :4 Q. Did you ever tell anyone or email
5 anyone with any of the J&J entities that, in sum
6 or substance, you believe that JJCI was having
7 financial problems or was in financial distress?
8 A. Did I notify anyone that the legal
9 entity is in distress, no. But I have had
10 multiple conversations with very senior J&J
11 members around the cash cost and the economic
12 impacts of talc on J&J.
13 Q. My question is about JJCI. Did you
14 ever tell anyone that you believe that JJCI, the
15 legal entity JJCI, was having financial problems
16 or was in financial distress?
17 A. To that level of detail, no.
18 Q. Okay. Did anyone with any of the J&J

19 entities ever tell you or email you that they
20 believed that the legal entity JJCI was having
21 financial problems or was in financial distress?
22 A. At that level of detail, no.

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249 :25 Q. Mr. Lisman, did you ever attend a
250 :1 meeting about JJCI having any financial
2 problems?
3 A. A meeting of that precise subject, no.
4 Q. Okay. To your knowledge, was there
5 ever any meetings about any financial problems
6 of JJCI?
7 A. Not that I attended, no.

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9 :22 Q: Exhibit 36 is the -- is another email
23 the same day from Mr. Andrew. Let's start at
24 the bottom there. Do you see that at the bottom
25 Mr. Andrew sent you this approval memorandum at
10 :1 8:07 in the morning as well?
2 Do you see that?
3 A: Yeah, I see that. Yes.
4 Q: Okay. Great.
5 MR. GLASSER: Take down that blowup.
6 BY MR. GLASSER:
7 Q: And you responded with your approval --
8 let's blow up the middle part -- at -- you've
9 got to do the approved so he can see -- you
10 responded with your approval about an hour and
11 51 minutes later at 9:58.
12 Do you see that?
13 A: Yeah, I can see it.
14 Q: All right. And you agree that's what
15 you did, right?
16 A: Uh-huh.

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12 :12 Q: All right, great. Can you tell me all
13 the other things you reviewed that day before
14 you approved it between 8:07 a.m. and 9:58, if
15 anything, other than the memorandum?
16 A: No, I just reviewed the memorandum.

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14 :14 Q: Okay. Great. Let's take down 41.
15 Let's go back to before you approved
16 the memorandum. You only had the memorandum.
17 So it's fair to say that before you
18 approved this transaction, you did not review
19 financial analysis in connection with the
20 creation of each of the companies involved in
21 the transaction; is that correct?
22 MS. BROWN: Objection, lacks foundation.
23 THE WITNESS: I -- I didn't review
24 financials, no.

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15 :11 Q: And I'll represent to you there are 81
12 deal documents that have to do with those nine
13 steps. Okay?
14 A: I was not aware of that.
15 Q: Okay, great. That's what I thought the
16 answer would be.
17 So is it the case that you had no
18 involvement in the negotiation or drafting of
19 those 81 deal documents involved in the nine

20 steps of the transaction?
21 A: I was not involved.
22 Q: Great. So you didn't negotiate any of
23 them, right?
24 A: I was not involved in the preparation
25 of these documents.
16 :1 Q: You didn't read any of them, correct?
2 A: I was not involved. No, I didn't read
3 them.
4 Q: You didn't ask for any changes in any
5 of them since you didn't negotiate them and you
6 didn't read them, right?
7 A: No.
8 Q: Correct? When I say 'right' and you
9 say 'no,' I think you're agreeing with me.
10 A: No, I was not involved.

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16 :14 Q: Okay. And consistent with what you
15 just told me, you didn't look at the financial
16 effects -- you didn't look at any financial
17 statements or pro formas for any of the
18 companies occurring at any of these nine steps
19 in advance of the approval, correct?
20 A: No, I didn't.
21 Q: So you -- so you approved the
22 transaction without looking at any financial
23 forecast for the entities created as a result of
24 the transaction; isn't that true?
25 MS. BROWN: Objection, lack of foundation.
17 :1 THE WITNESS: Correct.
2 BY MR. GLASSER:
3 Q: 'Correct,' right?
4 A: (No audible response.)
5 Q: You've to say 'yes' because if you nod
6 it's not on the transcript.
7 A: Yes, yes, yes.
8 Q: Before you approved the transaction,
9 you did not review any financial analysis of
10 LTL, LLC; isn't that true?
11 A: What do you mean by 'financials'?
12 Q: Well, we said you didn't look at any
13 pro formas, right?
14 A: Pro formas of?
15 Q: Of how a company could be expected to
16 perform in the future once it's formed. You
17 know, like a business plan.
18 A: No, I didn't.

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17 :24 Q: Yeah. Before you approved the
25 transaction on October 11th, 2021, you did not
18 :1 review any financial analysis of JJCI's
2 historical mesothelioma liability, did you?
3 A: I didn't review this before -- right
4 before approving the memo, no.
5 Q: Okay. And you -- before approving this
6 memo, were you presented with any financial
7 analysis of an alternative transaction?
8 A: I don't know what you mean by

9 alternative financial transaction.
10 Q: Well, lots of times in business when
11 you're running a business and you're choosing
12 what to do with a company and, you know,
13 strategic alternatives, don't you often run
14 different scenarios, different choices?
15 A: We, in normal course of business, we
16 look at different scenarios, yeah, from time to
17 time, yes.
18 Q: Okay. And you did not do that --
19 A: In this case that was -- the memo was
20 describing the recommendation.
21 Q: Right. And you did not look at any
22 alternative recommendations; isn't that true?
23 MS. BROWN: Objection, misstates testimony
24 and lacks foundation.
25 THE WITNESS: No, I didn't look at other
19 :1 alternatives. By the fact that this memorandum
2 is -- does not have objectives to give
3 alternatives and to describe the recommendation.
4 BY MR. GLASSER:
5 Q: Got it. So, therefore, it follows from
6 that that you didn't look at any financial
7 analysis of any alternative transaction
8 structures at any time, isn't this true, with
9 respect to this reorganization, Project Plato?
10 A: No, Project Plato was -- already
11 exists.
12 Q: Okay. And so you didn't, in approving
13 this Project Plato reorganization, you also did
14 not review any financial analysis regarding the
15 liquidity or sources of liquidity for LTL; isn't
16 that true?
17 A: I don't know what you mean by 'sources
18 of liquidity.' If you mean by source of
19 liquidity that LTL -- that we would allocate
20 revenue stream, the royalty revenue stream to
21 LTL, I was aware of this allocation of royalties
22 to LTL.
23 Q: We'll see it later in this deposition.
24 Did you look at any other financial
25 analysis regarding liquidity of the LTL?

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20 :8 Q: Other than the royalty -- A&M royalty
9 stream, are you aware of any -- did you look --
10 well, okay.
11 With respect to the royalty, A&M
12 royalty stream, did you personally look at any
13 financial analysis of the valuation of that
14 royalty?
15 A: No, I didn't look at the valuation.
16 Q: So the sum total of your knowledge of
17 the RAM valuation of the royalty stream is from
18 this approval memorandum where it discusses that
19 it's approximately 50 million a year?
20 MS. BROWN: Objection, misstates testimony,
21 lacks foundation.
22 THE WITNESS: I -- normally if it's in this
23 memorandum, a document that exists in
24 plaintiff's memorandum, that I was aware that it
25 was the approximate annual value of the royalty

21 :1 streams that we are allocating to LTL.

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22 :2 Q: All right. I'm on page 6 of the PDF,
3 but I pulled it up on the screen. This is where
4 it says -- on page 5, it's -- of the memorandum,
5 it says --
6 A: Yeah.
7 Q: -- 'Over 50 million of after-tax annual
8 income from royalty streams will be transferred
9 from JJCI and its affiliates to RAM in the
10 restructuring.'
11 Do you see that?
12 A: Yes.
13 Q: All right. Is that the sum total of
14 the financial analysis of the liquidity of LTL
15 that you reviewed prior to approving this
16 transaction?
17 A: Yes.
18 Q: Okay. So obviously before you approved
19 the transaction, you were not presented with --
20 you can take down the exhibit -- you were not
21 presented with and you did not review any
22 solvency analysis; is that correct?
23 MS. BROWN: Objection, lacks foundation.
24 THE WITNESS: I was not presented such an
25 analysis.
23 :1 BY MR. GLASSER:
2 Q: And you did not review such an
3 analysis, correct?
4 A: Yeah, by definition. I was not
5 presented so.
6 Q: Right, exactly. We're just tapping it
7 down.
8 Prior to approving the transaction, you
9 were not presented with and you did not review
10 any fairness opinion having to do with any of
11 the nine steps of the transaction; is that
12 correct?
13 MS. BROWN: I object, that lacks foundation.
14 THE WITNESS: What do you mean by 'fairness
15 opinion'?
16 BY MR. GLASSER:
17 Q: Like you've gotten fairness opinions in
18 business transactions, haven't you, where
19 they're affiliate transactions? You get an
20 investment bank or an independent party to opine
21 as to the fairness of the transaction to all the
22 parties.
23 Do you know what I'm talking about?
24 A: Yeah, sometimes. Yes, uh-huh.
25 Q: Right. And in this instance, for each
24 :1 of these nine steps, you, Mr. Mongon, before
2 approving this transaction, did not review any
3 fairness opinions, correct?
4 A: No, I didn't. I rely on the experts
5 who are in charge of it.

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24 :18 Q: Right. So to your -- you cannot recall

19 any discussion of transferring insurance that
20 you remember prior to approving this
21 transaction, right?

22 A: No, I don't remember.

23 MS. BROWN: Objection, vague.

24 MR. GLASSER: You interrupted him, Alli.

25

25 :1 BY MR. GLASSER:

2 Q: Go ahead.

3 MS. BROWN: I'm sorry. Objection, vague.

4 You can go ahead. You can answer if
5 you understand, Thibaut.

6 THE WITNESS: I don't remember any discussion
7 about that.

8 BY MR. GLASSER:

9 Q: So none of the entities involved in the
10 2021 restructuring Project Plato transaction
11 retained any independent investment bank to
12 review or assist in the transaction; is that
13 true?

14 MS. BROWN: I object, calls for speculation.

15 THE WITNESS: I cannot say it's not true.
16 I'm not aware of it.

17 BY MR. GLASSER:

18 Q: So to your knowledge --

19 A: To my knowledge, no knowledge of that.

20 Q: Do you know who was the lawyer for each
21 party at each of the nine steps of the
22 transaction?

23 A: No, I don't.

24 Q: Did you ever ask?

25 A: No.

26 :1 Q: How many hours -- we know that you got
2 the memo at 8:07 in the morning and we know you
3 approved it at 9:58.

4 Away from the work on that one day,
5 October 11th, how many hours of your life do you
6 think you've spent on Project Plato?

7 A: I have no exact recollection. At the
8 meeting in -- about Project Plato in July and
9 then a couple of dates and then -- and then the
10 memo in October so.

11 Q: All right. So how long did the meeting
12 in July take?

13 A: I don't remember exactly. It's a
14 standard meeting.

15 Q: So a standard meeting would you -- do
16 you guys try and do efficient meetings with
17 Johnson -- would a standard meeting be an hour?

18 A: A standard meeting would be half an
19 hour to an hour, yes.

20 Q: Okay. So it was a standard meeting, to
21 your recollection?

22 A: Yeah.

23 Q: Okay. And then after July, you said
24 there were a couple of updates, right?

25 A: Correct.

27 :1 Q: All right. So by 'a couple,' do you
2 mean two?

3 A: Yeah, I don't recall exactly how many,
4 but about.

5 Q: Okay. All right, a couple updates.
6 So let's go to the first update you
7 recall. How long did that take?

8 A: I don't -- I don't remember.

9 Q: Was it a standard meeting?
10 A: Yeah, it would be a standard update.
11 Q: Okay. So 30 minutes to an hour?
12 A: I don't remember.
13 Q: You don't remember it being
14 excruciatingly long, though, right?
15 A: No, these were updates.

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27 :23 Q: Okay. And then the second update, how
24 long was that?
25 A: I think regular updates on the regular
28 :1 course of business.
2 Q: Okay. Standard update?
3 A: Yeah.
4 Q: So 30 minutes to an hour, right?
5 A: It can be shorter than that, right, and
6 is everything going okay, yes, good, let's move
7 on.
8 Q: Okay. And then on October -- prior to
9 the 11th, do you remember any other meeting in
10 October?
11 A: I don't remember, no.
12 Q: All right. The meeting in July, who
13 was there?
14 A: It was with the law department.
15 Q: Who?
16 A: Of J&J.
17 Q: Who?
18 A: So it was -- we had Mike Newman, Erik
19 Haas, Andrew White, and maybe a few more people
20 from the legal department that I don't remember.
21 And I brought from my team Paul Ruh and
22 Peter Kerrane.

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29 :25 Q: Well, I guess -- I guess you agree that
30 :1 on the approval memorandum, and we can go back
2 to it if you want, but you're the highest
3 ranking Johnson & Johnson official on the
4 approval memorandum, right?
5 A: Correct.

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34 :19 Q: Okay. But you did -- you already told
20 me you didn't -- you reviewed zero analysis of
21 the cash flow of LTL verses its expected
22 obligations, right?
23 A: No, I didn't.
24 Q: You did not review any such analysis?
25 A: I did not.
35 :1 Q: Okay. So --
2 A: That was not my role.
3 Q: So how could you give me the prior
4 answer you just gave me --
5 MS. BROWN: I object --
6 BY MR. GLASSER:
7 Q: -- that you understood that everything

8 was kosher in terms of, it can be -- it could --
9 I mean, you didn't look at any analysis of its
10 ability to meet its obligations before you
11 approved it.
12 MS. BROWN: I object. That question is
13 argumentative and misstates his testimony.
14 BY MR. GLASSER:
15 Q: You just trusted the memo, right?
16 MS. BROWN: Same objection.
17 THE WITNESS: So what this memo does is
18 explain what the recapping, I would say, what
19 the intent is, what the transaction is about,
20 and the due diligence that has been done by the
21 respective experts that we -- we have to work
22 on -- on the transaction, and provided me with
23 all the elements I needed to approve the
24 transaction from my perspective.

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36 :8 Q: All right. So how, based on the memo,
9 could you know that that was enough money to
10 meet its obligations?
11 MS. BROWN: Objection, lacks foundation,
12 calls for speculation.
13 Go ahead, Mr. Mongon, you can answer.
14 THE WITNESS: What -- what was -- what I was
15 told is that this level of revenue would -- was
16 what we were looking for in terms of allocation
17 of revenues to LTL.
18 BY MR. GLASSER:
19 Q: Okay. Were you involved in the
20 decision -- as a member of the Johnson &
21 Johnson, you're on the executive committee,
22 right?
23 A: Yes, I am.
24 Q: All right. That's the highest

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43 :10 Q: And it basically says there will be
11 minimal impacts to JJCI. That's the upshot of
12 the memo, right?
13 MS. BROWN: Objection to the form, misstates
14 the evidence.
15 THE WITNESS: They -- I think it describes in
16 detail the impact and shows the due diligence
17 made by the different experts in the different
18 areas that may or may not be impacted by the
19 transaction.
20 BY MR. GLASSER:
21 Q: Right; commercial, corporate, human
22 resources. Next page: Real estate,
23 intellectual property, legal, regulatory,
24 finance and tax, treasury and cash flow,
25 information technology, supply chain. Next
44 :1 page: And communication.
2 Right?
3 A: Uh-huh.
4 Q: All right. And in respect of each of
5 those functional areas, the memo essentially
6 explains that JJCI will be able to continue with

7 minimal impact, business as usual, right?
8 A: We explain that what needs to be done
9 in each -- on -- in these areas and the impact
10 that we have on each -- you know, and on these
11 areas.
12 Q: Okay. And would it be fair to say that

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45 :15 Q: You don't believe that a goal of the
16 restructuring transaction was to take out of
17 JJCI talc claims and liabilities and assign them
18 to the new entity LTL? You don't agree that
19 that was one of the objectives?
20 A: I don't agree with your
21 characterization. The objective here is to
22 allocate the talc liabilities to a different
23 legal entity, or LTL, yes.
24 Q: Why?
25 A: We -- we felt that these -- the
46 :1 creation of LTL and the allocation of the talc
2 liabilities to this new entity would allow for,
3 as we said, fair and equitable resolution of the
4 ongoing litigation, not only for existing
5 claimants, but also for future claimants.

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46 :21 Q: Were you not getting a fair shake in
22 regular court?
23 MS. BROWN: Objection, asked and answered.
24 THE WITNESS: I'm -- I have no opinion on
25 that.
47 :1 BY MR. GLASSER:
2 Q: Well then why did you execute the
3 transaction to move 38,000 cancer victims'
4 claims to bankruptcy court if you personally, as
5 the person who approved it, had no opinion that
6 the state courts were doing something wrong?
7 MS. BROWN: Object. It's argumentative and
8 it misstates his testimony and the evidence.
9 THE WITNESS: That was the recommendation, to
10 make -- do this transaction as the best way to
11 resolve the litigation, the talc litigation,
12 that up to this day, after many years of
13 litigation, is not resolved.
14 And so finding a way to solve this --
15 this talc litigation, again, for current and
16 future plaintiffs, is -- is a very appealing
17 proposition.

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62 :2 Q: Well, all right. So like, for
3 example -- and I can go get the Travelers
4 document or whatever. But let's say it was like
5 a \$400 million settlement with -- you know, with
6 a certain plaintiff's lawyer, okay. Let's say
7 we're going to settle \$400 million worth of
8 cases with, say, Mark Lanier.
9 Do you, Mr. Mongon, get to approve that

10 or is that approved in legal?
11 A: I don't approve this number.

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63 :4 Q: Right. So back to my premise, they're
5 spending your money without consulting you,
6 right?
7 MS. BROWN: Objection to the form of the
8 question, misstates the evidence, asked and
9 answered.
10 THE WITNESS: I repeat, I'm responsible for
11 the operational performance without the
12 litigation costs. The litigation is handled by
13 the law department. So I'm not responsible for
14 that or involved.
15 BY MR. GLASSER:
16 Q: All right. So when the decision is
17 made -- well, let me give you an example.
18 \$2 billion has been offered up for a qualified
19 settlement fund in this bankruptcy.
20 Are you aware of that?
21 A: I'm not aware of that.

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64 :1 You were not involved in picking that
2 number?
3 A: I was not involved.
4 Q: You were not consulted about picking
5 that number?
6 A: I was not consulted.
7 Q: It was not a business decision to pick
8 that number; it was made in legal?
9 MS. BROWN: Objection, calls for speculation.
10 THE WITNESS: I was not consulted.

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69 :25 Q: Okay. I'm not -- away from the email,
70 :1 isn't it fair to say that by September you
2 understood Project Plato would result in a
3 bankruptcy filing?
4 A: So my understanding that it would -- it
5 was a potential outcome of -- of -- of the LTL
6 creation.
7 Q: 'Potential' sounds a little
8 wishy-washy. Should we say nearly certain
9 outcome?
10 MS. BROWN: Objection, lacks foundation.
11 THE WITNESS: I would say it was a likely
12 outcome.

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72 :13 Q: All right. So aside from your
14 speculations about the board, let me ask you
15 about yourself.
16 Were you pretty certain yourself it was

17 going to be filed?
18 A: I know it was an anticipated move.
19 Q: All right. And the first bullet point
20 [as read]: All lawsuits asserting claims to be
21 immediately and automatically stayed.
22 You understood that as well, right?
23 A: And it said it was one -- one of the
24 benefits of this restructuring. We know the two
25 that are mentioned here.

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83 :15 Q: Got it. So it's a feature, not a bug,
16 in Project Plato that the rest of the Johnson &
17 Johnson enterprise continues to operate as
18 usual, correct?
19 MS. BROWN: Objection to the form.
20 THE WITNESS: I don't know what -- exactly
21 what you mean by that. But what this document
22 shows and that was really our intent is to make
23 sure there was no misunderstanding from anyone
24 about who was filing for Chapter 11 bankruptcy.
25 It was not Johnson & Johnson. It was
84 :1 not any other affiliate than the newly created
2 LTL subsidiary.
3 BY MR. GLASSER:
4 Q: Got it. And that was -- that's a
5 feature of the transaction; that was intentional
6 structuring to get that resolved, right?
7 MS. BROWN: Objection, calls for speculation
8 and lacks foundation.
9 THE WITNESS: I wouldn't characterize it this
10 way. The sole in terms of this was to make sure
11 there was no misunderstanding.

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84 :14 Q: You have to agree with me that the
15 entire purpose of Project Plato is to allow a
16 corporate toenail to go bankrupt and the body to
17 remain functional?
18 A: I disagree --
19 MS. BROWN: I object --
20 THE WITNESS: -- with the way you
21 characterize it. As I told you several times,
22 the -- in terms of Project Plato is to find a
23 way to solve this talc litigation that had been
24 going on for a number of years that had not been
25 resolved to date, and that move was -- the
85 :1 objective was to provide current and future
2 claimants with a fair and equitable way to bring
3 their case and get their case resolved.

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90 :3 Q: Right. And we saw that Johnson &
4 Johnson Worldwide Health on Exhibit 35 brought
5 in about \$14 billion a year, and we saw,
6 according to the approval memo, that LTL is
7 going to bring in about 50 million a year.
8 A: Uh-huh.

9 Q: Would you characterize 50 million as a
10 minute part of 14 billion?
11 A: It's -- no. It's part of -- of the --
12 it was part of the business. And, you know,
13 it's -- even if it's only a part of the bigger
14 business, it's -- I wouldn't characterize it as
15 small. \$50 million is a lot of money.
16 Q: But you don't know whether it's a lot
17 of money compared to the obligations because you
18 didn't look at any financial analysis of those
19 obligations; isn't that true?
20 A: Correct. I didn't look at financial
21 analysis.

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94 :8 Q: All right. And so having seen this
9 exhibit, you think these were the people who
10 were at that initial meeting you described to me
11 earlier?
12 A: Yeah. So you have Mike Ullmann, Erik
13 Haas, Chris Andrew, Andrew White. I didn't
14 remember that Valeria was in that meeting. And
15 then I brought with me Paul Ruh and Peter
16 Kerrane.
17 Q: Okay. And looking back at Exhibit 41,
18 which I don't want to pull up, it looks like you
19 got -- you got your first two emails on Project
20 Plato. Your first email, it looks like it -- it
21 came to you on -- at 8:49 p.m. on July 19th.
22 So that would be consistent what you're
23 thinking, that this is the first time you
24 learned about Project Plato, right?
25 A: Yeah, that's -- we talked about it at
95 :1 the -- in July at that meeting, yes.

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100 :1 Q: Okay, great. And then it says here [as
2 read]: The license agreements were not
3 transferred, just the right to the royalty
4 stream. JJCI is still responsible for the
5 agreements and JJCI employees will still be
6 fulfilling all responsibilities under the
7 agreements.
8 Is that under -- your understanding of
9 what happened in the royalty transaction?
10 A: Yes.
11 MS. BROWN: Objection, calls for speculation.

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100 :22 Q: Okay. Let's go to exhibit -- let's go
23 to section 31.
24 [As read]: Does LTL own the underlying
25 brands/products? No, it only holds an interest
101 :1 in the royalty streams. JJCI is still
2 responsible for the product license agreements.
3 JJCI employees will still fulfill all
4 responsibilities under these agreements.
5 Is that your understanding of the

6 royalty deal?
7 MS. BROWN: Objection, speculation.
8 THE WITNESS: My understanding that's what's
9 written here, yes.
10 BY MR. GLASSER:
11 Q: Great. Let's go to Exhibit -- paragraph 32.
12 [As read]: Does this matter impact the
13 manufacturing, distribution, or sales of these
14 brands in any way? No. RAM only holds an
15 interest in the royalty stream revenues of these
16 products.
17 Is that your understanding of the
18 transaction?
19 A: And, no, RAM only holds an interest in
20 the royalty revenue streams of these products.
21 LTL's filing does not impact this in any way.
22 Correct.

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103 :7 Q: Great. Next page, top bullet point.
8 [As read]: Aside from a handful of
9 officers overseeing administrative activities
10 and the Chapter 11 cases, LTL has no employees
11 or operations. It does not develop, manufacture
12 or produce any products or brands.
13 Is it your understanding of the
14 transaction?
15 MS. BROWN: Objection, calls for speculation,
16 misstates the facts.
17 THE WITNESS: I think that's a simple answer
18 that does -- that forgets to mention that LTL
19 will mention -- mention and remind everybody of
20 what was stated in other parts of this document
21 in terms of LTL's role in managing the revenue
22 stream of these royalties.

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107 :6 Q: So the bankruptcy case was filed, you
7 know, on October 14th, just three days after you
8 authorized the transaction.
9 All right, Mr. Mongon? Do you agree
10 with me there?
11 A: I don't remember but...
12 Q: Close in time. You remember that,
13 right?
14 A: Uh-huh.
15 Q: 'Yes'?
16 A: Yes.
17 Q: You have to say 'yes.'
18 A: Let me remind you that I authorized the
19 creation of LTL with this memo.
20 Q: Right.
21 A: I didn't authorize the bankruptcy
22 filing.
23 Q: Okay. Do you have any inkling of why
24 it happened so quick in time after the -- after
25 the authorization of the creation of the
108 :1 company? Why did it happen in such a tight time
2 frame?
3 MS. BROWN: Calls for speculation, I object.

4 THE WITNESS: No, I have no idea why the
5 board of LTL decided on that day.
6 BY MR. GLASSER:
7 Q: So you have no insight into why there
8 was a big hurry to get it done?
9 MS. BROWN: Same objections.
10 THE WITNESS: I wouldn't characterize it as a
11 big hurry. It's just a decision that LTL
12 company -- the LTL board made.
13 BY MR. GLASSER:
14 Q: Well, do you even know how many days
15 before the board made that decision the board
16 members ever even knew they were going to be
17 board members of LTL?
18 MS. BROWN: Foundation, speculation.
19 THE WITNESS: No, I don't.
20 BY MR. GLASSER:
21 Q: Okay. So you have no idea if they
22 acted in a hurry, you're saying?
23 A: I don't know.
24 MS. BROWN: Same objection.

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113 :25 Q: When did the workflow start with
114 :1 respect to the planned separation of the corp --
2 of the consumer business?
3 MS. BROWN: Speculation, foundation.
4 THE WITNESS: I don't know --
5 BY MR. GLASSER:
6 Q: If you know.
7 A: I -- I don't know when the conversation
8 started. I was not involved at the beginning of
9 this conversation.
10 Q: When did you first know that there was
11 a potential plan to spin off the consumer
12 business?
13 A: I would say around July 2021.
14 Q: Was the board meeting July 19, 2021,
15 in -- discussing that potential?
16 A: No.
17 MS. BROWN: Objection, asked and answered.
18 THE WITNESS: Sorry. Just to rephrase, I did
19 not discuss the spinoff at the board meeting.
20 BY MR. GLASSER:
21 Q: But you think you knew about it -- the
22 possibility around the time of that board
23 meeting?
24 A: No, I distinctly remember that I didn't
25 know about it when we had the board meeting.
115 :1 Q: All right. So after the July --
2 sometime after July 19 is when you learned?
3 A: That -- that's right.
4 Q: All right. Did the potential for the
5 spinoff come up in the September board meeting?
6 A: Yes, it did.
7 Q: And was the interaction with Project
8 Plato and the spin discussed?
9 MS. BROWN: Objection, assumes facts.

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121 :10 Q: As of December 4, 2019, Bernstein
11 accurately reported what they had been told at
12 the meeting, that management was supremely
13 confident in the strength of J&J's legal
14 position on talc?
15 A: That's how Bernstein reported it.
16 Q: And you agree that they were not making
17 that up, that's what they were told at the
18 meeting?
19 A: Of their interpretation, right, of what
20 they heard from management.
21 Q: Okay. And do you think it was an
22 unfair interpretation of what they heard from
23 management?
24 MS. BROWN: Calls for speculation.
25
122 :1 BY MR. GLASSER:
2 Q: You were there. Do you think that's an
3 unfair message they got?
4 A: I don't recall exactly what -- what we
5 talked about. But that's their understanding
6 and recollection of the -- of the conversation.
7 Q: Let's go to the first bullet point
8 under 'During the Skillman visit.'
9 [As read]: Management made a few
10 additional points. Management wanted to make it
11 clear that litigation is not a distraction for
12 the business. There is a very small team
13 dedicated to the case, and the vast majority of
14 people in the business are doing their jobs.
15 Commercially, J&J does not believe talc
16 litigation is having a negative spillover effect
17 across brands outside of baby powder.
18 Do you see that?
19 A: I can see that.
20 Q: Isn't it true that's what management
21 told Bernstein at the meeting?
22 MS. BROWN: Objection, calls for speculation.
23 THE WITNESS: I think that's what meant --
24 what it says in this document, that's what --
25 that's what Bernstein reported.

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123 :5 Isn't it true that's what you guys told
6 Bernstein at this meeting?
7 MS. BROWN: Misstates the evidence, lacks
8 foundation.
9 THE WITNESS: I don't recall exactly what we
10 talked about at this meeting.
11 BY MR. GLASSER:
12 Q: Explain to me how they could have come
13 up with that on their own.
14 MS. BROWN: Calls for speculation.
15 THE WITNESS: I -- I cannot extrapolate,
16 right, or speculate on what they -- what they
17 did. I don't recall exactly what we talked
18 about at this meeting.
19 BY MR. GLASSER:
20 Q: As a matter of fact, do you agree
21 that's a true statement, though, independent of
22 what they were told at the meeting; at that time
23 in December of 2019, there was a small team
24 dedicated to talc inside Johnson & Johnson.

25 MS. BROWN: Calls for speculation.
124 :1 THE WITNESS: So remember that, as I told you
2 before, I -- I went -- when we talk about, and I
3 don't know if this is what they referred to when
4 they refer to management. When I talk about the
5 Consumer Health business, I talk about the
6 operational performance of the business
7 excluding the cost and impact of the litigation
8 business.
9 So from that perspective, you have very
10 few people on the operational side of the
11 business who deal with the litigation. The
12 litigation is handled by the law department of
13 Johnson & Johnson outside of the operational
14 team of the Consumer Health business.

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124 :19 Q: Okay. Let's go to the second and third
20 bullet points.
21 So there is a quote here [as read]:
22 Management could not have been clearer about
23 their confidence in their product. We
24 absolutely stand behind this product. Our talc
25 does not contain asbestos. It is safe and does
125 :1 not increase the risk of cancer.
2 Do you see that quote?
3 A: Yes, I can see it.
4 Q: Okay. So you were there. Isn't that
5 what investor relations told them?
6 A: Yeah, absolutely. And I -- I tell this
7 to different stakeholders each time I'm asked
8 about the product. So it was not new
9 information that we were and we continue to
10 stand behind the quality and safety of the -- of
11 the product --

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134 :11 Q: All right. If it's true that talc
12 causes mesothelioma, do you think negative
13 headlines are warranted?
14 MS. BROWN: Objection, speculation.
15 THE WITNESS: I don't agree with your first
16 statement, as I told you. We believe our talc
17 product is safe and effective.

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135 :18 Q: So this is the '2nd Quarter 2021
19 Results.' And it looks like J&J had an
20 excellent 2nd quarter 2021.
21 Would you agree with me?
22 A: It's -- it's a good quarter for J&J,
23 yes.
24 Q: Okay. And for your Worldwide Consumer
25 Health -- let's blow that up on the right
136 :1 side -- sales increased 13.3 -- percent, or
2 9.2 -- percent operationally.
3 Do you see that?
4 MS. BROWN: Objection.

5 THE WITNESS: Yes, I can see that.
6 BY MR. GLASSER:
7 Q: All right. And so that's a great
8 quarter for Worldwide Consumer Health, right?
9 A: Sorry?
10 Q: That's a really good quarter; do you
11 agree?
12 A: It's a good quarter for the -- for
13 Consumer Health globally, yes.

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136 :24 MR. GLASSER: All right. Let's go to
25 Exhibit 33.
137 :1 (Document shown on the screen.)
2 BY MR. GLASSER:
3 Q: This is the 2nd Quarter Earnings Call
4 and you were one of the presenters; isn't that
5 right?
6 A: Uh-huh.
7 Q: 'Yes'?
8 A: I don't recall.

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137 :17 Q: You were a presenter at the 2nd quarter
18 earnings call; isn't that true?
19 A: I don't recall but --
20 Q: Go to page 4. There you are.
21 A: Then I was.
22 Q: All right, great. Okay, here we go.
23 MR. GLASSER: Let's go to the -- let's go to
24 Exhibit 33, please. Oh, we have 33. I forgot
25 what I wanted to use this for. Oh, here we go.
138 :1 Let's go to page 7, Consumer Health.
2 BY MR. GLASSER:
3 Q: All right. So what does this tell us
4 about the state of the Consumer Health business
5 in the 2nd quarter of 2021, Mr. Mongon?
6 A: So this side depicts the financial
7 performance from an operational perspective for
8 the Consumer Health business in terms of
9 revenue. I believe it's by the different
10 segments. And then the drivers for each
11 segment.
12 Q: And is this good performance?
13 A: It's overall a good performance from a
14 revenue perspective versus the prior quarter --
15 sorry, the end quarter in the year 2020. And
16 I'll highlight it here.
17 We mention the fact that it's primarily
18 due to the market recovery, because the 2nd
19 quarter of 2020, due to the COVID pandemic, so a
20 very low performance of our business.
21 So when you compare the 2nd quarter of
22 2021 to the 2nd quarter of 2020, the base of
23 comparison is favorable to the growth rate
24 reported in '21. And so that's what --
25
139 :1 MR. GLASSER: Okay. Let's go to Exhibit 34.
2 (Document shown on the screen.)
3 BY MR. GLASSER:

4 Q: So here's a transcript of a conference
5 that Barclays ran on September 10, 2021, that
6 you presented at; isn't that right, Mr. Mongon?

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139 :15 Q: All right. And let's go to page --
16 page 5 of your remarks.
17 So this is what you told the Barclays
18 investor conference about the performance in the
19 2nd quarter; isn't that right?
20 A: Uh-huh, yes.
21 Q: And you told them that your three
22 segments in your business are working, right?
23 A: Right.
24 Q: That you're driving strong revenue
25 growth, right?
140 :1 A: Yes.
2 Q: That you're increasing your margin as
3 well; isn't that right?
4 A: Correct.
5 Q: And that Consumer Health --
6 A: And you will see that we characterize
7 it as operating profit.
8 Q: I understand. You made that point.
9 A: Which does not include the cost of
10 litigation.
11 Q: And then you say that [as read]: We
12 continue to solidly position J&J Consumer Health
13 in the top quartile of our industry for
14 profitability while delivering top line growth
15 at the same time.
16 Right?
17 A: Correct.

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142 :2 Q: But you do stand by this statement you
3 made, that [as read]: We are a thriving
4 business with a balanced, resilient power
5 portfolio delivering top quartile profitability?
6 A: I do. Again, from an operational point
7 of view, excluding cost of litigation.

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143 :18 12:16 p.m., after which the
19 deposition was resumed at
20 1:02 p.m. as follows:)
21 THE VIDEOGRAPHER: The time is 1:02 p.m. We
22 are now back on the record.
23 EXAMINATION
24 BY MR. JONAS:
25 Q: Good afternoon, Mr. Mongon.
144 :1 A: Good afternoon.
2 Q: My name is Jeff Jonas from the firm
3 Brown Rudnick, and I represent the Talc
4 Claimants Committee I in the LTL bankruptcy.

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146 :5 Q: Okay. Okay. So I want to just come
6 back to what we've now -- what you've described
7 for me as Project Plato.
8 Was Project Plato approved by the board
9 of J&J?
10 MS. BROWN: Objection, foundation.
11 THE WITNESS: I don't know about it. I'm not
12 aware of that.
13 BY MR. JONAS:
14 Q: Okay. Are you -- well, let me ask you,
15 are you aware of what approvals within J&J were
16 obtained in connection with Project Plato?
17 A: No, I don't. I'm not aware of that.
18 Q: Okay. Do you know who could tell us
19 what approvals were obtained at J&J for Project
20 Plato?
21 A: I would say, you know, you can -- you
22 have the memo that approved the transaction. So
23 you have the list of approvals on the -- on the
24 memo.

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148 :23 Q: Okay. So now that we've done -- we've
24 gone through that exercise -- and maybe you do,
25 maybe you don't, I'll just ask -- would you
149 :1 agree that Project Plato was authorized by J&J?
2 A: I would say, absolutely, it was a
3 transaction approved by our company.

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149 :11 Do you consider yourself a senior
12 member of management at J&J?
13 A: I do.
14 Q: Okay. And as a senior member of
15 management at J&J, when you consider and then
16 approve a transaction, do you consider the
17 business rationale or reasons to do that
18 transaction?
19 A: I consider the rationale attached to
20 the project.
21 Q: Okay. So in this case, what were the
22 business -- what was the business rationale for
23 you to approve Project Plato?
24 A: I think the -- the main rationale
25 that -- was that the Project Plato appeared to
150 :1 be a reasonable option that we had to create a
2 way for current and future claimants to get the
3 ongoing talc litigation resolved in a fair and
4 equitable way.
5 From that perspective and based on the
6 recommendation of -- of the team, it was -- it
7 was possible.
8 The other thing that was important for
9 me from an operational standpoint is that the
10 due diligence done by the experts highlighted in
11 the memo, demonstrated that that it was doable

12 from an operational standpoint. And so from
13 these two perspectives, my -- my judgment was
14 that it was a good transaction to do.
15 Q: Okay. And I think -- I appreciate the
16 second perspective, that it was operationally

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151 :17 Q: Yeah. So part of project -- part of
18 the business rationale for Project Plato was
19 profit motive, correct?
20 MS. BROWN: Objection, misstates testimony.
21 THE WITNESS: No, I don't agree with your
22 characterization.
23 BY MR. JONAS:
24 Q: Okay.
25 A: I -- what I said is that it was a way
152 :1 to offer claimants who have claims related to
2 talc a way to get their case resolved in a fair
3 and equitable way, something that has been going
4 on for years and has not been resolved as of
5 today.
6 Q: Okay. So I -- I don't want to be
7 facetious. I just want to ask a simple question.
8 Are you saying that the motivation for
9 J&J to do Project Plato, the sole -- are you
10 saying the sole motivation was to help claimants
11 resolve their claims? Is that your testimony?
12 MS. BROWN: I object. It lacks foundation
13 and asks for speculation.
14 THE WITNESS: That's not what I said.
15 I said that the goals -- the goal as to
16 Project Plato, which, I remind you, is the
17 creation of this subsidiary where we would
18 allocate the talc liabilities, would provide a
19 forum for claimants to get their case resolved.
20 That's good for the claimant. That's
21 good for the company.
22 BY MR. JONAS:
23 Q: Let me ask you, did you ever see any
24 financial analysis or economic analysis that
25 suggested to you that Project Plato would be
153 :1 financially beneficial for J&J?
2 A: What do you mean by 'financially
3 beneficial' to J&J?
4 Q: Well, fair question. Let me -- let me
5 break it down.
6 First I mean, any sort of analysis
7 whatsoever from anybody at any time that showed
8 that, hey, if we do Project Plato, whether it's
9 a year from now or five years from now or ten
10 years from now, we'll have -- doing Project
11 Plato versus not doing Project Plato, will have
12 a better financial outcome for J&J.
13 And when I mean 'financial outcome,' I
14 mean our bottom line will be improved in some
15 way for having done Project Plato than not doing
16 it.
17 MS. BROWN: Objection, calls for speculation.
18 THE WITNESS: Yeah, let me break down your
19 question and -- let me break it.
20 The -- while I haven't seen the
21 financial analysis, I'm aware of the very high
22 cost linked to litigation. And I'm also aware,

23 as you are over the years, of the very negative
24 verdict, what we call the Ingham verdict, that
25 we had to book in our books in 2020.
154 :1 BY MR. JONAS:
2 Q: Uh-huh.
3 A: This -- these costs, while I was not
4 shown a specific analysis, is not rocket
5 science, it doesn't take you long to see that
6 if -- if that Project Plato is a way to get
7 resolution and certainty about the -- about the
8 case and the costs associated with these -- with
9 these cases.
10 And from that perspective, it's -- it's
11 beneficial to the company.
12 Q: Yeah, it would be beneficial because
13 your hope in doing Project Plato was to avoid --
14 in part, avoid future verdicts like Ingham that
15 had a very big hit to the bottom line, correct?
16 MS. BROWN: Objection, assumes facts, calls
17 for speculation, lacks foundation.
18 MR. JONAS: Wow.
19 THE WITNESS: I didn't agree with -- with
20 your characterization.
21 With Project Plato, we are not trying
22 to avoid what you talked about. What -- again,
23 we are trying to provide a forum for all
24 complaints to be heard by the bankruptcy judge
25 and find resolution to the degree that the judge
155 :1 will decide.
2 So we are not -- we are not avoiding
3 anything. We just believe that Project Plato
4 will provide this forum for -- again, for
5 today's claimants and future claimants.
6 BY MR. JONAS:

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155 :20 Q: Okay. Do you know if anybody at J&J
21 ever talked to any claimants and asked them if
22 they would prefer to be in bankruptcy or not in
23 bankruptcy?
24 MS. BROWN: Calls for speculation.
25 THE WITNESS: I don't know.
156 :1 BY MR. JONAS:
2 Q: Did you ask anybody?
3 A: No, I didn't.
4 Q: Do you think it would make sense, if
5 you're making a decision that this is the way to
6 go for -- it's good for these people, do you
7 think it makes any sense to have asked them what
8 they would prefer?
9 MS. BROWN: Objection, foundation,
10 speculation.
11 THE WITNESS: It's not my field of expertise
12 so I rely on the experts.

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162 :22 Are you aware that certain J&J
23 employees were seconded, or seconded, to work at
24 LTL?
25 A: Yes, yes, I am.

163 :1 Q: And do you know how those particular
2 employees were chosen or selected?
3 A: Not -- not really other than, you know,
4 the fact that I believe they were the right
5 candidates for the role.
6 Q: Well, how do you know they were the
7 right candidates for the role?
8 A: Because that's how we nominate people
9 in the company.
10 Q: Okay. Well, do you know who nominated
11 them for their roles at LTL?
12 A: No, I don't.
13 Q: Do you know -- we've talked about
14 Mr. Kim, who, I think, is chief legal officer at
15 LTL.
16 Do you know Mr. Deyo, D-e-y-o, who is a
17 board member, a manager? Do you know him?
18 A: I don't know him personally, no.
19 Q: Okay. But you're aware he's a board
20 member at LTL?
21 A: I know about it, yes.
22 Q: Okay. How do -- how did you come to
23 know about that?
24 A: I think it was at one of the updates.
25 Q: And did somebody say -- I just want to
164 :1 know how you learned about it.
2 So at one of the update meetings,
3 somebody said, Oh, Mr. Deyo is going to be a
4 board member at LTL?
5 A: I don't recall exactly, but the -- who
6 was associated with LTL was probably provided as
7 one of the updates about the case.
8 Q: Okay. And do you know who Robert
9 Wuesthoff is?
10 A: Yes, I know him.
11 Q: Okay. And who is he? How do -- what
12 do you know about him?
13 A: I know he left LTL now and used to
14 work for J&J.
15 Q: Okay. And do you know how he was
16 chosen to -- for that position?
17 A: No, I don't.
18 Q: You don't know what -- I think you said
19 to be nominated, you got to be qualified. You
20 don't know what qualified him for that position?
21 A: No. I know -- other than I know he
22 knows the Consumer Health business because he
23 was part of the Consumer Health business before.
24 Q: Okay. Do you view the business of LTL
25 as Consumer Health?
165 :1 A: What -- what do you mean?
2 Q: Well, let me ask you, what -- what is
3 your understanding of what business LTL is in?
4 A: LTL is in the business of -- of
5 handling royalty streams. So we allocate it to
6 them the royalty streams we talked about this
7 morning. And their objective is to find new
8 royalty streams and develop this part of the
9 business.
10 So I -- if you ask me, is it part of
11 Consumer Health, it's -- LTL is not part of
12 Consumer Health.

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167 :3 Q: Yeah. Well, let me ask you, since
4 you've said that. I mean, why was -- you know,
5 why was it 50 million and not 25 million or a
6 hundred million or some other number? How was
7 it -- how was it determined that that was the
8 right amount of royalties to go into LTL?
9 MS. BROWN: Objection, calls for speculation.
10 THE WITNESS: I wouldn't be able to answer
11 your question. I don't know why this number was
12 that issue.

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168 :1 Q: Have you ever been involved in any
2 conversations -- let me strike that --
3 communications about J&J itself filing for
4 bankruptcy?
5 A: No, no, I haven't.
6 Q: Okay. Have you ever had any
7 communications about, I guess, what was --
8 what's been called old JJCI filing for
9 bankruptcy?
10 A: Old JJCI filing for bankruptcy, no, I
11 haven't.

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169 :3 Q: Okay. Okay.
4 I'm a little confused about the scope
5 of the talc claims which LTL will be dealing
6 with, so I just have a few questions about that.
7 Is it correct that Johnson & Johnson's
8 Baby Powder overseas -- that is, outside of the
9 United States -- continues to contain talc?
10 A: We continue to have talc baby powder
11 outside of North America, United States.
12 Q: Okay. And if -- if a company --
13 A: United States and Canada. Sorry.

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171 :2 Q: Well, let me back up. Have you seen --
3 or had any -- well, have you seen any valuations
4 of new -- financial valuations of new JJCI?
5 A: No, I haven't.
6 Q: Have you had any communications --
7 again, email, text, conversations, anything of
8 the sort -- about the value or valuation of new
9 JJCI?
10 A: No, I have not.

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171 :15 THE WITNESS: I -- I don't know. I'm not

16 responsible for the accounting, and we are not
17 managing the business through legal entities.
18 So we are managing the business operationally.
19 And then the accounting department, if you will,
20 will allocate revenues and costs to the
21 appropriate legal entity.
22 I have dozens of legal entities forming
23 my business, and I don't think about my business
24 through the lens of legal entities, and I don't
25 review financial statements about different
172 :1 legal entities.
2 BY MR. JONAS:
3 Q: Okay. Do you know, roughly, how many
4 people ultimately report to you?
5 A: 6- to 8,000 report, I would say,
6 directly to me, and more employees report to
7 other functions and work at the time, if you
8 will, under Consumer Health business.
9 So probably 6- to 8,000 report directly
10 to me. Approximately 20,000 would -- would work
11 on the Consumer Health business in the different
12 capacities that do not necessarily report to me.
13 Q: And notwithstanding that everybody is
14 remote these days, where is your primary
15 physical office?
16 A: The headquarter is -- is New Brunswick.
17 Our main operations in the -- in the U.S. are in
18 Skillman, New Jersey, and Port Washington,
19 Pennsylvania.
20 Q: And when -- when you do go to your
21 primary office, that's in -- in -- is that in
22 New Brunswick?
23 A: That's where my office as a Consumer
24 Health member, yes.
25 Q: Okay. Okay. And this may be beyond
173 :1 your expertise, and if it is, just let me know.

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177 :22 Q: What is the difference between
23 Worldwide Consumer Health and Johnson & Johnson
24 Consumer, Inc.?
25 A: I'm responsible for the global
178 :1 performance and operations of the Consumer
2 Health sector around the world. And to be very
3 clear about how we are organized, these
4 operations in each market are hosted within one
5 of several legal entities. JJCI is one of these
6 legal entities, and it's where we hold the
7 majority of our Consumer Health business in the
8 United States.
9 Q: Okay. So JJCI is within Johnson &
10 Johnson's Worldwide Consumer Health sector,
11 correct?
12 A: It's one of the legal entities we use
13 to report -- to book our revenues and -- and
14 expenses and be we bought (indiscernible).
15 Q: All right. And the majority of J&J's
16 Consumer Health sector business in the United
17 States is with the company called JJCI, correct?
18 A: Correct.

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179 :6 Q: Okay. And is it fair to say that the
7 overwhelming majority of Johnson & Johnson's
8 Consumer Health sector business in the United
9 States is Johnson & Johnson Consumer, Inc.?
10 A: That's my understanding, yes.

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180 :7 Q: Have you ever held the opinion that
8 JJCI was in financial distress?
9 A: I'm not sure I would characterize it
10 this way. What I would say is that when I
11 looked at our annual report in 2021 reporting on
12 our 2020 results and I saw that when allocating
13 the cost of litigation to the result of the
14 Worldwide Consumer Health sector, the whole
15 Consumer Health sector globally was reporting a
16 loss. I had the -- I formed the opinion that
17 the business where this liability is, which is
18 the U.S. business, was under serious strain
19 linked to the cost into this litigation.

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181 :1 Q: Okay. And are you saying that based on
2 your review of Johnson's 2020 annual report you
3 concluded that JJCI was having financial
4 problems?
5 A: That's not what I said.
6 I said that when I looked at the 2021
7 annual reports reporting on the 2020 financial
8 results, I saw that when allocating the cost of
9 litigation, talc litigation, to the operational
10 performance of the business, my business that
11 was operationally doing well, as we talked about
12 this morning, when allocated with the cost of
13 litigation that do reside in JJCI, the whole
14 global Consumer Health sector was reporting a
15 loss. And so as a result of that, I formed the
16 opinion that the legal entity that was hosting
17 the majority of the business in the U.S. and was
18 -- where we allocated the cost of talc
19 litigation was, indeed, in the red as well.

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182 :22 Q: So is your best estimate that this was
23 sometime in the 1st quarter of 2021 or some
24 other time?
25 A: Yeah, I don't recall exactly, but
183 :1 probably around that time.

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186 :14 Q: Okay. And what percentage of J&J's
15 Worldwide Consumer Health sector's expenses in
16 the year 2020 came from talc litigation expenses
17 as compared to the non-talc litigation expenses?
18 A: I don't have this number. I cannot
19 answer your question.
20 Q: And you've never known the answer to
21 that question, correct?
22 A: No. I don't look at it this way.
23 What -- what I look at is that what we did in
24 2020 is book the costs related to the -- what we
25 call the Ingham verdict, which was a
187 :1 multibillion-dollar verdict. And so that case
2 alone was very significant.
3 Q: Okay. So a very significant part of
4 the talc litigation expenses for J&J's Worldwide
5 Consumer Health sector came from the payment of
6 the Ingham judgment, correct?
7 A: Correct. That's why we booked it.
8 Q: Okay. And why was the Ingham judgment
9 paid for by JJCI and not J&J?
10 A: That, I would refer you to the
11 accounting department. But the accounting
12 department allocates the costs where -- to the
13 appropriate legal entity, and so that's where
14 the costs were allocated.
15 Q: Do you know if the Ingham judgment was
16 against Johnson & Johnson, Johnson & Johnson
17 Consumer, Inc., or both?
18 A: I don't know.

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191 :15 Q: This was approximately one month before
16 you approved of JJCI's restructuring as set
17 forth in the approval memo that was sent to you
18 on that same day, October 11, 2021, correct?
19 A: Correct.
20 Q: All right. And -- and here in these
21 remarks -- you remember this conference, right?
22 A: Yep.
23 Q: Okay. And in these remarks, you are
24 talking about J&J Consumer's broad-based
25 portfolio, right?
192 :1 A: Yes.
2 Q: And that includes Band-Aids, right?
3 A: Our portfolio? Yeah, they seem to our
4 portfolio.
5 Q: Right. It includes some of the most
6 iconic brands in the world, including Band-Aids,
7 Tylenol, Motrin, right?
8 A: Correct.
9 Q: J&J Consumer, another brand they have
10 is Nicorette, right?
11 A: Correct.
12 Q: Listerine, right?
13 A: Uh-huh.
14 Q: And what you said to the investors and
15 to the public here, that this was a broad-based
16 portfolio, it enables Johnson & Johnson Consumer
17 to handle market disruptions and drive
18 consistent performance, right?
19 A: Correct.
20 Q: You called this a power portfolio,

21 right?

22 A: Correct.

23 Q: And you said that Johnson & Johnson

24 Consumer was doing very well as measured by
25 operational growth, correct?

193 :1 A: Correct.

2 Q: And -- and you said that Johnson &
3 Johnson Consumer strategies across all three of
4 its segments were working, correct?

5 A: Uh-huh, absolutely.

6 Q: And those strategies are still working,
7 right?

8 A: Correct.

9 Q: And Johnson & Johnson Consumer is
10 continuing to drive strong revenue growth,
11 right?

12 A: Correct.

13 Q: Johnson & Johnson Consumer at this
14 time, September 10, 2021, and today, is
15 achieving the highest operating profit
16 improvement in what you would call their
17 competitive set, correct?

18 A: I'm glad you highlighted operating
19 profit. Yeah, absolutely.

20 Q: And then and now, Johnson & Johnson
21 Consumer has strong momentum, which allows
22 Johnson & Johnson Consumer to reinvest in
23 revenue growth and create what you would call a
24 virtuous cycle, correct?

25 A: Correct.

194 :1 Q: And what is the virtuous cycle for
2 Johnson & Johnson Consumer section that -- that
3 you're describing here?

4 A: It's a virtuous cycle when you create
5 products that are attractive for consumers,
6 consumers buy them, and they generate a profit
7 for the company. You can reinvest this profit
8 in the development of new products so you can
9 offer these consumers or other consumers the
10 same products or other products. So that's what
11 we talk about when we talk about this virtuous
12 cycle.

13 Q: And that's what Johnson & Johnson's
14 Consumer sector was doing before the LTL
15 bankruptcy filing, and that's still what the
16 Johnson & Johnson Consumer sector is doing
17 today, right?

18 A: That's what we strive to do every day
19 from an operational point of view, absolutely.

20 Q: And that's what you've achieved as the
21 head of J&J's Consumer sector?

22 A: Correct, from an operational --

23 Q: And the J&J Consumer sector, you said
24 then and you believe now, is solidly positioned
25 in the top quartile of the industry for

195 :1 profitability while delivering top-line growth
2 at the same time. That's a true statement then
3 in September of 2021, and it's a true statement
4 today, right?

5 A: Correct.

6 Q: And you said a few things I would
7 like -- you wanted people to remember about your
8 comments, September 10, 2021, with Barclays --
9 do you see where you start saying that there?

10 A: Uh-huh, yes.

11 Q: Okay. And you know when you make
12 statements to banks and to investors, it's
13 important to be completely honest, right?
14 A: Absolutely.
15 Q: And you know that banks and investors
16 and the public rely upon you to give full and
17 complete information about Johnson & Johnson's
18 Consumer Health sector whenever you make these
19 public statements, correct?
20 A: Correct.
21 Q: And in the statements from
22 September 10, 2021, you said [as read]: In
23 closing, a few things I would like to remember
24 about Johnson & Johnson Consumer Health.
25 And you said [as read]: First, we are
196 :1 a thriving business with a balanced and
2 resilient power portfolio that is delivering top
3 quartile profitability.
4 Do you see that?
5 A: I see it, yes.
6 Q: And that was true when you said it on
7 September 10, 2021, right?
8 A: That's true at the time I said it.
9 Q: And it's still true today, right, sir?
10 A: That's what we are focused on every
11 day.
12 Q: It's still true today, right, sir?
13 A: We are trying to achieve that every
14 day.
15 Q: It's still true today, sir, that the
16 Johnson & Johnson Consumer Health group is a
17 thriving business with a balanced and resilient
18 power portfolio, right?
19 A: Right.
20 Q: And it's still true today that
21 Johnson & Johnson Consumer Health is delivering
22 top quartile profitability, fueled by
23 world-class teams and world-class capabilities,
24 right, sir?
25 A: Correct.

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197 :6 Q: On September 10, 2021, you said there
7 has never been a better time to be in Consumer
8 Health. And that was true then and it's true
9 now, right?
10 A: Correct.
11 Q: And what you said on September 10,
12 2021, was what the pandemic has done is
13 accelerated trends that were present
14 pre-pandemic that are really becoming very, very
15 important in a COVID and post-COVID world.
16 That's what you said then, right?
17 A: Right.
18 Q: And what was happening was during
19 COVID, which is still continuing, the demand for
20 Johnson & Johnson Consumer Health products has
21 gone up, right?
22 A: Some; not others.
23 Q: But, in general, Johnson & Johnson
24 Consumer Health is selling more of its products
25 than ever, right?
198 :1 A: That's not what I said.

2 Q: Is that a true statement, that today
3 and in the last year, Johnson & Johnson Consumer
4 Health has sold more products than ever and
5 that's, in part, due to COVID?
6 A: What is true is that revenues have
7 grown. I wouldn't be able to tell you in terms
8 of -- in terms of products sold what it means
9 exactly.
10 And what is also true is that some
11 categories benefitted from COVID with more
12 consumers reaching out for trusted solutions in
13 certain categories. Other categories suffered a
14 lot from -- from COVID.

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201 :12 Q: Okay. So have you ever -- did you ever
13 hear anyone at Johnson & Johnson ever internally
14 or publicly say that Johnson & Johnson's
15 consumer sector was in financial distress, using
16 those words?
17 MS. BROWN: Objection.
18 THE WITNESS: Can you repeat the question?
19 BY MR. BLOCK:
20 Q: Have you ever -- have you ever heard
21 anyone from Johnson & Johnson, either internally
22 or publicly, say that Johnson & Johnson's
23 consumer sector was in, quote, financial
24 distress?
25 MS. BROWN: Asked and answered.
202 :1 THE WITNESS: No. But I didn't agree with
2 the way you characterize it because that's not
3 the way we talk about the company. We talk
4 about the whole company. And as I said, we make
5 a very clear effort to segment for investors
6 what is linked to litigation, what is linked to
7 the underlying performance of each business.

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206 :18 Q: And, in fact, that's what you did as
19 head of Johnson & Johnson's Consumer sector, you
20 beat expectations for the remainder of 2021,
21 didn't you?
22 A: I am -- we did in the 3rd quarter. We
23 haven't published all these other results for
24 the 4th quarter yet.

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207 :5 Q: Okay. So in the quarter that happened
6 right before the LTL bankruptcy was filed,
7 Johnson & Johnson's Consumer Health sector beat
8 financial expectations in terms of how it did,
9 right?
10 A: In terms of operational performance, I
11 cannot repeat enough, because that's very
12 important for you to understand that every
13 single time we talk about segments, specific
14 segments, we talk about the operational
15 performance. This does exclude the impact of

16 the litigation.

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209 :18 Q: Did you ever express any concern to
19 anyone that Johnson & Johnson would be forced to
20 pay another judgment that was similar in size to
21 Ingham, which resulted from the Ingham verdict?
22 A: I don't recall that. But it's a
23 possibility given what happened with Ingham,
24 absolutely.
25 Q: I'm sorry, could you repeat your
210 :1 answer?
2 A: I don't recall that. But it's a
3 possibility that it will happen again.
4 Q: Okay. I want to separate the answer
5 here.
6 You do not recall ever expressing any
7 concern to anyone that Johnson & Johnson could
8 be forced to pay another judgment similar in
9 size to Ingham, correct?
10 MS. BROWN: Objection, asked and answered.
11 THE WITNESS: Yeah, I don't recall an exact
12 conversation about that.
13 BY MR. BLOCK:
14 Q: Okay. And then you said, well, it's
15 possible that there could be another verdict
16 like Ingham, right?
17 A: That's uncertainty, yes.
18 Q: Okay. Did you -- did you ever do
19 anything to assess the likelihood of there being
20 other verdicts similar to Ingham?
21 A: No, I didn't.

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212 :15 Q: You never asked any questions about the
16 details of the ovarian cancer and mesothelioma
17 cases against Johnson & Johnson or Johnson &
18 Johnson Consumer, Inc., right?
19 A: No.

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215 :3 Q: Okay. So from J&J's investor relations
4 group, Ms. Wood, Sarah Wood says [as read]:
5 Let's move to 3rd quarter results. Worldwide
6 sales were 23.3 billion for the 3rd quarter of
7 2021, an increase of 10.7 -- percent versus the 3rd
8 quarter of 2020.
9 Do you see that?
10 A: Uh-huh. I can see that.

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216 :3 Q: All right. And an increase of
4 10.7 -- percent in terms of worldwide sales for the
5 Johnson & Johnson enterprise for the 3rd
6 quarter, it was 10.7 -- percent increase as

7 compared to the same time in 2020, that is very
8 positive financial news for Johnson & Johnson,
9 correct?

10 A: It's a good performance, yes.

11 Q: And Mr. Wolk makes a statement, he
12 says, quote, We appreciate you joining us to
13 discuss our 3rd quarter results, which reflect
14 continued strength in our Pharmaceutical and
15 Consumer Health businesses.
16 Do you see that?

17 A: Yes.

18 Q: So the CFO of Johnson & Johnson
19 highlighted the Consumer Health sector as being
20 strong as of the 3rd quarter of 2021, correct?

21 A: Right.

22 Q: And the Consumer Health sector of
23 Johnson & Johnson is still strong today,
24 correct?

25 A: We see that when we publish our quarter
217 :1 four results, but in Q3 they were good.

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217 :8 Q: Okay. I understand that.

9 So at the same time of the LTL
10 bankruptcy, you admit that the Consumer Health
11 business, as Mr. Wolk is saying here, was
12 strong, right?

13 A: I think you need to look at, as all our
14 investors always do, you need to look at the
15 whole picture here instead of taking specific
16 sentences, look at all the transcript and you
17 will see that, as I described earlier,
18 consistent with our usual practices, we separate
19 the restriction of our legal liability that, in
20 that case, Joe Wolk appeared to describe to
21 investors, and separating how our different
22 units are doing, our different sectors are doing
23 from an operational quality.

24 Q: Mr. Wolk said that as of October 19,
25 2021, five days after the LTL bankruptcy filing
218 :1 that there was continued strength in the
2 Consumer Health businesses, correct?

3 A: Correct.

4 Q: And that was true, right?

5 A: That was true as related to the 3rd
6 quarter.

7 Q: Of 2021, right?

8 A: 2021.

9 Q: Okay. And Mr. Wolk does talk about
10 talc, and he says [as read]: Other income and
11 expense in the 3rd quarter includes a
12 \$2.1 billion charge of litigation expenses,
13 primarily driven by an incremental 1.4 billion
14 charge associated with a recently announced
15 qualified fund for current and future talc
16 claims.

17 Do you see that?

18 A: Yes, I can see.

19 Q: Okay. So Johnson & Johnson is telling
20 investors that this \$1.4 billion charge is being
21 charged against the Consumer Health sector as
22 part of the qualified settlement fund for the
23 current and future talc claims, and that relates

24 to Project Plato, correct?
25 A: That relates to Project Plato,
219 :1 absolutely.
2 Q: Okay. And it says [as read]: The
3 qualified settlement fund is intended to
4 facilitate a final equitable resolution of all
5 talc litigation in a structured manner through
6 established bankruptcy law precedent.
7 Do you see that?
8 A: Yes, I can see it.
9 Q: And is that statement true?
10 MS. BROWN: Objection, foundation,
11 speculation.
12 THE WITNESS: That's how Joe Wolk described
13 it at this hearing call.
14 BY MR. BLOCK:
15 Q: Okay. And do you agree with that
16 statement by Mr. Wolk, the CFO of Johnson &
17 Johnson?
18 MS. BROWN: Same objection.
19 THE WITNESS: This is his statement.
20 BY MR. BLOCK:
21 Q: You said yourself, sir, that one of the
22 purposes of Project Plato was to create a fund
23 in the bankruptcy courts to finally and
24 equitably resolve all the talc litigation, true?
25 A: I didn't talk about a fund. I talked a
220 :1 forum that would provide current and future
2 claimants a forum to get their case resolved.

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220 :12 Q: So, Mr. Mongon, it was your intention
13 in approving Project Plato that the talc claims
14 would move from the various courts that they
15 were in into the bankruptcy courts where the
16 claims could be resolved in the bankruptcy
17 courts, correct?
18 MS. BROWN: Objection, misstates testimony.
19 THE WITNESS: My understanding in approving
20 the creation of -- of this new entity was to
21 allocate to this new entity the talc liabilities
22 so that current and future plaintiffs could have
23 a forum where they can get their case resolved.

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221 :12 Q: Well, if LTL -- so you did -- you
13 approved the formation of LTL and the talc
14 liabilities all being transferred to LTL,
15 correct?
16 A: I approved the formation of LTL and the
17 transfer of talc liabilities to LTL.
18 Q: And I think what I heard you say was
19 that the likely result of creating LTL and
20 transferring the talc claims to LTL was that LTL
21 would file for bankruptcy, and you knew that,
22 right?
23 A: Yes, it was stated as a likely outcome.
24 Q: Okay. What other outcomes was there
25 once the talc claims were transferred to LTL
222 :1 other than LTL filing for bankruptcy?

2 MS. BROWN: Objection, speculation, lacks
3 foundation.
4 THE WITNESS: I think as we reviewed earlier
5 today -- we can look at the memo again if you
6 want -- but one aspect would be that the current
7 litigation would be put on hold and then the
8 current and future claimants could, through this
9 mechanism, get their case heard and resolved as
10 per the judge decision.

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223 :21 Q: A new avenue. Okay. Just to be clear,
22 when you approved -- when you approved the
23 creation of LTL, you anticipated that all the
24 court cases would stop and the talc cases would
25 be resolved in a new forum, which you understood
224 :1 to be the bankruptcy court, correct?
2 A: That's my understanding, yes.

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227 :18 Q: Okay. All right. So -- and I want to
19 be specific. All right. So the second session,
20 your second preparation session, there were six
21 lawyers, right? Mr. Haas, in fact, did attend
22 for the last few minutes; is that right?
23 A: No. In the last session, in the last
24 session, Erik Haas did join for a few minutes.
25 Q: So was Erik Haas in the room for part
228 :1 of your deposition preparation session?
2 A: Yes, he joined the Zoom meeting for a
3 few minutes.
4 Q: Okay. All right.
5 So were there any other people or
6 lawyers present for any amount of time in your
7 deposition preparation sessions other than the
8 people you identified?
9 A: No.
10 Q: All right. Did you take any notes in
11 preparation for this deposition?
12 A: Yes, a few notes.
13 Q: And I see you're motioning to something

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230 :18 Q: Anything other than the fact that the
19 talc litigation had been going on for a number
20 of years and that there was still cases pending,
21 did you know anything else whatsoever about the
22 talc litigation when you voted in favor of
23 restructuring JJCI on October 11, 2021?
24 A: Absolutely. I knew that this ongoing
25 litigation resulted in litigation costs of
231 :1 hundreds of millions of dollars each year. I
2 knew that we had had to pay the Ingham verdict,
3 a multibillion dollar verdict. I knew that
4 there was ongoing litigation.
5 Q: All right. So on October 11, 2021,
6 when you voted in favor of restructuring JJCI,
7 you knew that the talc litigation had been going

8 on for a number of years, that it had not been
9 completely resolved, that -- that the company
10 had ongoing litigation costs and that it -- that
11 it had paid the Imerys -- or the Ingham
12 judgment, correct?
13 A: Correct. I also note that you
14 mentioned Imerys, that the planned settlement,
15 the planned Imerys settlement didn't -- was
16 not -- did not happen. So there were a number
17 of initiatives over the years.
18 Q: You knew that -- you knew that
19 Johnson & Johnson had tried to completely
20 resolve all the talc cases against it within the
21 Imerys bankruptcy, right?
22 A: I don't know the specifics about the
23 Imerys case, but I know that it was an avenue
24 that was explored that did not ultimately lead
25 to any resolution.

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235 :12 Q: Okay. And -- and you know, sir, that
13 you were approached by Johnson & Johnson's
14 general counsel, Mike Ullmann, about Project
15 Plato about a month after the Supreme Court
16 decided not to hear the Ingham case, right?
17 A: Yeah, I don't recall the exact timing,
18 but it was in July that we started talking about
19 Plato, yes.
20 Q: Right. And if the United States
21 Supreme Court decided not to take the Ingham
22 case on June 1, 2021, that would be about a
23 month later that you started working on Project
24 Plato, right?
25 A: Uh-huh.
236 :1 Q: All right. Yes?
2 A: Yes.
3 Q: Okay. So other than Johnson & Johnson
4 trying to settle talc cases in the Imerys
5 bankruptcy, trying to get the United States
6 Supreme Court to hear the Ingham case, trying to
7 get the cases dismissed with Daubert, what were
8 some other solutions, to your knowledge, that
9 Johnson & Johnson tried to resolve its talc
10 problem?
11 A: The -- the other solution was the
12 creation of -- of LTL.
13 Q: Well, what about litigation, like
14 trying your case in court in front of a jury or
15 asking the Court to dismiss it on legal grounds?
16 A: That was another avenue that was still
17 going on at that time.

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236 :25 Q: Now, those litigation expenses from
237 :1 2020 that you've been referring to today, most
2 of that or a lot of that was from paying Ingham,
3 right?
4 A: Correct.

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237 :19 Q: Okay. In trying to understand what
20 might happen in the future with relate- -- in
21 relation to Johnson & Johnson's talc litigation
22 expenses, did you look at the result of the
23 ovarian cancer cases that Johnson & Johnson went
24 into court and tried in 2021?
25 A: No, I didn't.

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238 :12 Q: Mr. Mongon, how did you know whether or
13 not to be concerned about other ovarian cancer
14 verdicts similar to Ingham or not? How did you
15 make that assessment?
16 A: I made that assessment based on the
17 long history of the talc litigation that we have
18 been witnessing and going through for a number
19 of years.
20 Q: So just based upon the fact that the
21 Ingham verdict happened and the litigation has
22 been going on for a number of years, right?
23 A: Correct.
24 Q: Okay. You did not attempt to look at
25 the likelihood of future verdicts or judgments
239 :1 either for ovarian cancer cases or mesothelioma
2 cases, right?
3 A: No --
4 Q: And you didn't look at --
5 A: -- that's not my area of expertise.
6 Q: Right. And in weighing whether to
7 approve the restructuring of JJCI, you didn't
8 look at what J&J's settlement strategy was with
9 respect to ovarian cancer cases or mesothelioma
10 cases, right?
11 A: Not at all.
12 Q: Not at all, right?
13 A: Not at all.

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243 :11 Q: You said earlier that you approved
12 transferring the talc liabilities to LTL to
13 fairly and equitably resolve the talc litigation
14 in a different forum, which was the bankruptcy
15 courts, correct?
16 A: Yeah.
17 Q: Okay. And the rationale and benefits
18 for JJCI's restructuring from J&J's perspective
19 were actually set out in the approval memo that
20 was sent to you on October 11, 2021, correct?
21 A: The memo relates the objective and
22 expected benefits from the transaction, yeah.

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244 :8 Q: Yeah, let me back up.

9 All right. Earlier -- earlier -- let
10 me just see if I can make this clear.
11 You have never seen any financial
12 projections of J&J's talc liabilities, correct?
13 A: No, I have not.
14 Q: You have never seen any financial
15 analysis that calculated J&J's talc liabilities,
16 correct?
17 A: No, I have not.
18 Q: You have not seen any financial
19 analysis that extrapolated J&J's talc
20 liabilities either presently or into the future,
21 correct?
22 A: No, I have not.

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246 :24 Q: Okay. It says that the divisional
25 merger is going to take place -- you knew it
247 :1 would take place in Texas, right?
2 A: Yes.
3 Q: And then you knew that the company that
4 had the talc liabilities, that would -- would
5 then be incorporated in North Carolina, right?
6 A: Yeah, I was not really -- I didn't
7 really pay attention to the details of this
8 transaction. That was really left to the
9 experts.

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247 :19 Q: And he was -- Mike Ullmann, the general
20 counsel of Johnson & Johnson, was the first
21 person who told you about Project Plato, right?
22 A: Yes, he was. I don't remember who
23 talked first at the meeting, but he was the part
24 of the meeting when he talked about Project
25 Plato and the -- the assets that we -- we would
248 :1 look to transfer to -- to the new entity, right.
2 Q: And, of course, the talc liabilities?
3 A: The talc liabilities and all the
4 assets, like the royalty streams.
5 Q: Okay. And it says here that you were
6 also being -- requesting approval to delegate
7 authority to LTL board of managers. Do you see
8 that?
9 A: Yes, I do.
10 Q: Okay. Did you even know who LTL's
11 board of managers were on October 11, 2021, when
12 you approved this restructuring?
13 A: I don't remember if we knew at that
14 time who would be on the board, but I knew that
15 there would be a board.
16 Q: Did you -- do you even know who all of
17 LTL's board of managers are today?
18 A: I don't remember, no.
19 Q: You don't know, right?
20 A: Yeah, I don't remember.
21 Q: Well, did you ever know?
22 A: It was probably mentioned in one of the
23 updates, but I -- I don't remember.
24 Q: Do you know how many people are on the

25 LTL board of managers?
249 :1 A: No, I don't.
2 Q: Do you know how many board meetings the
3 LTL board of managers had before voting to file
4 the LTL bankruptcy?
5 A: No, I don't.

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251 :7 Q: Okay. So the memo that -- where you
8 approved JJCI's restructuring actually has the
9 rationale or the benefits from J&J's perspective
10 written down in the memo under a heading that
11 says 'Rationale/Benefits,' right?
12 A: Correct.
13 Q: All right. So -- and it says [as
14 read]: The restructuring, followed by the
15 anticipated bankruptcy, will enable new JJCI to
16 continue to develop, manufacture, and sell J&J's
17 Consumer Health products and other solutions to
18 customers.
19 Do you see that?
20 A: I do.
21 Q: Okay. And as we've talked about, JJCI
22 was -- was doing well in selling consumer
23 products before the bankruptcy; it's continued
24 to have done well after the bankruptcy; it
25 hasn't affected JJCI one bit, right?
252 :1 MS. BROWN: Objection, misstates his
2 testimony.
3 THE WITNESS: What you see in this memo is
4 what it says, right, not with one word or more,
5 right. But I think it's very explicit about
6 the -- what the restructuring would enable.
7
8 BY MR. BLOCK:
9 Q: Okay. One of the benefits is that JJCI
10 would continue to develop, manufacture, and sell
11 J&J's Consumer Health products to customers.
12 And my question for you is, that
13 benefit has happened, it was happening before
14 the LTL bankruptcy, and it's continued to
15 happen, right?
16 A: Correct.
17 Q: Okay. And then it says -- another
18 thing under rationale and benefits that was
19 presented to you as the person -- one of the
20 people who would have to decide whether to
21 approve this, was LTL to secure an equitable and
22 efficient resolution of the claims.
23 Do you see that?
24 A: Yes, I do.
25 Q: And it says more specifically the
253 :1 bankruptcy case. The bankruptcy case would
2 allow for -- and there's a series of bullets,
3 right?
4 A: Correct.
5 Q: Okay. So you said earlier that you
6 relied upon experts in making the decision to
7 vote yes on JJCI's restructuring based upon the
8 information presented to you in the memo, right?
9 A: Yeah, I rely on experts to do the due
10 diligence and ensure that we can execute this
11 transaction, yes.

12 Q: Okay. All right. So you met with
13 lawyers for Johnson & Johnson, we looked at, on
14 July 19, 2021, right?

15 A: Yeah.

16 Q: Then again -- we looked at earlier, on
17 September 24th, 2021, you again met with
18 Johnson & Johnson's lawyers, Mr. Haas and
19 Mr. Ullmann, right?

20 A: Yeah, we had several updates.

21 Q: Okay. Were Johnson & Johnson's
22 lawyers, including Mr. Ullmann, Mr. Haas,
23 Mr. White, Mr. Kim -- were those some of the
24 people you relied upon for information in
25 deciding to approve JJCI's restructuring?

254 :1 A: Absolutely.

2 Q: And what information from these lawyers
3 from JJCI did you rely upon in making your
4 decision to approve JJCI's restructuring?

5 MS. BROWN: And, Mr. Mongon, I'll just
6 instruct you. The facts that you may rely on, I
7 have -- I have no objection to you testifying
8 to, but I will caution you not to reveal
9 specific conversations that you may have had
10 with lawyers who may have been giving you legal
11 advice about the transactions.

12 MR. BLOCK: Okay. Our position is that we're
13 entitled to any information that was provided to
14 Mr. Mongon from the lawyers that he relied upon
15 in making his decision to approve JJCI's
16 restructuring.

17 So you made your objection. I made my
18 statement. But can I have the reporter read
19 back my last question?

20 (Whereupon, the record was read
21 as requested.)

22 MS. BROWN: So same instruction and same
23 objection.

24 THE WITNESS: I rely on their recommendation
25 that this transaction would be a way to secure
255 :1 an equitable and efficient resolution of the
2 current and future claims.

3 BY MR. BLOCK:

4 Q: Okay. So in terms of your
5 understanding that the bankruptcy case would
6 allow for an equitable and efficient resolution
7 of the talc cases, you relied upon information
8 provided to you by J&J's lawyers, correct?

9 A: By J&J's lawyers and by the other
10 experts who conducted the due diligence.

11 Q: Okay. And what information provided to
12 you by J&J's lawyers convinced you that moving
13 the cases to bankruptcy court was a way to
14 provide an equitable and efficient resolution of
15 the talc cases?

16 A: The three bullet points mentioned here.

17 Q: All right. And the three bullet points
18 are, Number 1, that all of the lawsuits that
19 were being litigated in court would be stayed,
20 correct?

21 A: Correct.

22 Q: Number 2, that the determination of an
23 appropriate amount to resolve the talc claims by
24 the bankruptcy court would be done following
25 either an agreement or an adjudication by the
256 :1 bankruptcy court, right?

2 A: Correct.

3 Q: And, Number 3, that this would allow
4 for the global and permanent resolution of the
5 claims pursuant to a plan of reorganization for
6 LTL in the bankruptcy, right?

7 A: Correct.

8 Q: And are those three points a fair and
9 accurate summary of the information provided to
10 you by Johnson & Johnson's lawyers that
11 convinced you that JJCI should be restructured
12 and that the talc claims should be transferred
13 to LTL Management LLC?

14 A: My understanding of the benefits of the
15 restructuring was -- as described here, was what
16 led me to approve this restructuring.

17 Q: Okay. But my question was, the three
18 points that are in the bullets that you -- that
19 I -- that I just read and just described to you,
20 is that the information that was provided to you
21 by Johnson & Johnson's lawyers that convinced
22 you to vote yes to Johnson & Johnson Consumer,
23 Inc.'s restructuring and have the talc
24 liabilities transferred to LTL with the
25 anticipation the bankruptcy would be filed?

257 :1 MS. BROWN: Objection, asked and answered and
2 misstates the answer.

3 THE WITNESS: It's -- it's based on this
4 rationale and the other elements of this memo
5 that I decided to approve this transaction.

6 BY MR. BLOCK:

7 Q: All right. Is there any -- any other
8 information that the lawyers from Johnson &
9 Johnson provided to you other than filing the
10 LTL bankruptcy would result in the cases being
11 stayed, some determination as to the amount that
12 should be paid in the bankruptcy court, and the
13 global and permanent resolution of the claims?
14 Is there any other information -- any other
15 information that the J&J lawyers provided to you
16 other than that about this?

17 MS. BROWN: I object to the form of the
18 question. That's not what he testified to
19 and --

20 MR. BLOCK: Well, he actually did just
21 testify to it, and please --

22 MS. BROWN: And you weren't -- you weren't
23 listening.

24 MR. BLOCK: That's not an objection.

25 :1 MS. BROWN: It is an objection. You're
258 :1 misleading --

2 MR. BLOCK: That's not what he testified to.
3 That's you speaking and testifying.

4 MS. BROWN: No. You're misleading the
5 witness, and I object. It misstates his
6 testimony and that's an objection and I have it.

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259 :19 Did -- did you have any knowledge of
20 any waste or abuses experienced in the state
21 court tort system in relation to any of J&J's
22 talc litigation as of the time that you reviewed
23 this memo in October of 2021 or any other time?
24 A: I'm aware of the significant costs

25 linked to defending these cases that are not
260 :1 supported by -- by science and the significant
2 amount that was -- resulted from the Ingham
3 verdict.

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263 :21 Q: How do you know whether to trust the
22 information about waste and abuse in the tort
23 system in J&J's talc litigation if you don't
24 know where the information came from?
25 A: The information came from this group
264 :1 who did the due diligence and made sure that
2 everything that is in the memo is accurate.
3 Q: And did you do a single thing to check
4 on any of the factual information that is set
5 forth in this October 11, 2021, approval memo,
6 anything?
7 A: No. I rely on the experts.
8 Q: And you took everything in this memo as
9 true even though you did nothing to confirm
10 yourself the accuracy of any of the statements
11 in this memo, right?
12 A: I rely on the experts.

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268 :5 Q: All right. So I mean, in September of
6 2021, even going back to July, when you were
7 working on Project Plato, you were discussing
8 the fact that this was going to involve a
9 bankruptcy filing, right?
10 MS. BROWN: Misstates the document.
11 THE WITNESS: In September?
12 BY MR. BLOCK:
13 Q: Yes. It says September 20, 2021, that
14 the email chain was about the strategy for
15 implementing a proposed corporate restructuring
16 and bankruptcy filing.
17 Do you see that?
18 A: Yes.
19 Q: And you were -- you were -- you were
20 discussing that in September of 2021, right?
21 A: As an anticipated move, yes.

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269 :13 Q: Okay. So in September of 2021 as the
14 head of Johnson & Johnson Consumer Health, you
15 were working with the HR professionals on the
16 implementation of Project Plato which included
17 the creation of LTL and the anticipated
18 bankruptcy filing that would occur in the month
19 of October of 2021, correct?
20 A: Yeah, I was -- I was more focused on
21 identifying the assets that would be transferred
22 to LTL and the royalty stream we -- we talked
23 about.
24 Q: And what work were you doing with the
25 HR professionals at J&J Consumer Health on
270 :1 Project Plato in September of 2021?

2 A: I don't recall exactly, but it was
3 probably to discuss if any employee attached to
4 these royalty streams would be impacted by the
5 transfer.
6 Q: So --
7 A: So as you saw in the memo, the due
8 diligence committee showed that no -- no
9 employee would be impacted by the transfer of
10 royalty streams.
11 Q: All right. So at the first Project
12 Plato meeting July 19, 2021, Mike Ullmann was
13 there. He's on the executive committee with
14 you. He called the meeting, right?
15 A: Correct.
16 Q: Erik Haas, he's head of litigation at
17 J&J. He was at the meeting, right?
18 A: Correct.
19 Q: Andrew White, he was at the meeting,
20 right?

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272 :4 Q: Who decides -- Okay. Who at J&J -- so
5 at the first meeting, July 19, 2021, you talked
6 to Erik Haas, Mike Ullmann, Valeria Cnossen,
7 Andrew White. Those are all J&J lawyers, right?
8 A: Correct, and two members of my team,
9 Paul Ruh and Peter Kerrane.
10 Q: Right. You brought two people from the
11 J&J Consumer Health to the meeting with all
12 those Johnson & Johnson lawyers, right?
13 A: We brought the -- I brought -- yeah, I
14 invited Paul, and Paul and Peter came out to
15 this meeting.
16 Q: Right. And you and Mr. Ruh and
17 Mr. Kerrane were finding out about Project Plato
18 for the first time at this meeting on July 19,
19 2021, correct?
20 A: I think so, yeah.

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273 :12 Mr. Ruh and Mr. Kerrane and Johnson & Johnson's
13 lawyers, who else did you ever have any specific
14 discussion with about Project Plato?
15 A: So we talked about from HR personnel,
16 about employees, and then you have the list of
17 people in the organization who worked on the due
18 diligence and confirmed that the different
19 aspects of the transaction were -- were -- were
20 taken care of.
21 Q: Okay. Did you ever speak to Andrew
22 Lisman about Project Plato?
23 A: I -- no.
24 Q: Did you ever speak to Chris Andrew
25 about Project Plato?
274 :1 A: Yes, in that meeting.

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274 :9 Q: Sir, how many times did you speak to

10 Chris Andrew about Project Plato?

11 A: I cannot remember.

12 Q: More than once?

13 A: I don't remember. I remember about
14 that meeting in July. I don't remember if he
15 was present on that date or not.

16 Q: Okay. Who's V. Coulson?

17 A: I don't know, a member of the law
18 department. You have their function -- you have
19 their highlighted on the left-hand side.

20 Q: Did you ever speak to that person?

21 A: No.

22 Q: M. Larkin and L. Giacino, did you ever
23 speak to those people?

24 A: No.

25 Q: Okay. And for all these questions,
275 :1 when I say 'speak,' are you understanding me
2 also to mean email?

3 A: Correct. That's why we have --

4 Q: And when I ask you whether you ever
5 spoke to them, I'm including emails, okay?

6 MS. BROWN: He was answering, Jerry. You cut
7 him off. Let's let him answer.

8 BY MR. BLOCK:

9 Q: Is that understood, sir?

10 A: Yes, it is. And that's what this memo
11 is about, to avoid this -- a number of internal
12 emails and have all the expertise in one place
13 and sending one summary of the -- the findings
14 of the different teams.

15 Q: Did you ever speak to Donny McGraw
16 about Project Plato?

17 A: No, I didn't.

18 Q: Did you ever speak to Luke Freyne about
19 Project Plato?

20 A: No, I didn't.

21 Q: Did you ever speak to M. Verenten about
22 Project Plato?

23 A: No, I didn't.

24 Q: Steve Kowalski?

25 A: No, I didn't.

276 :1 Q: C. Stanzione?

2 A: Stanzione, no.

3 Q: We know you spoke to Andrew White about
4 Project Plato; he's a lawyer, right?

5 A: Correct.

6 Q: How many times did you speak to Andrew
7 White about Project Plato before you voted for
8 the JJCI restructuring on October 11, 2021?

9 A: I told you I -- one time in this July
10 meeting. I don't remember if there were other
11 updates.

12 Q: The person you spoke most about Project
13 Plato with were Mike Ullmann and Erik Haas,
14 right?

15 A: Mike Ullmann, Erik Haas, and the team
16 who identified the royalty stream.

17 Q: Okay. Other than -- so we know that
18 you spoke to Mike Ullmann and Erik Haas multiple
19 times about Project Plato, right?

20 A: I wouldn't say multiple times.

21 Q: Well, multiple is more than one, right?

22 A: More than one. More than one time,
23 yes.

24 Q: Okay. We have the two meeting invite

25 scheduling, so we know you met with both of them
277 :1 at least twice.
2 Did you meet with them more than the
3 two times to talk about Project Plato?
4 A: We probably had more updates of the
5 project from Mike Ullmann.
6 Q: All right. So you spoke to Mike
7 Ullmann and Erik Haas more than twice about
8 Project Plato, right?
9 A: I said that Mike Ullmann provided
10 updates about Project Plato. I don't remember
11 how many between the July update and the signing
12 of the memo.
13 Q: Was Mike Ullmann the main person
14 keeping you updated about Project Plato?
15 A: No, I wouldn't say that.
16 Q: Who was the main person keeping you
17 updated on Project Plato?
18 A: There was not one main person. I
19 was -- as I told you, I was really focused on
20 the operational aspects of it. And so I got --
21 you know, I was making sure that the assets were
22 identified, and I wanted answers to the
23 questions about what you saw in the memo on --
24 Q: Okay.
25 A: -- how it will impact it, are there any
278 :1 costs that will impact my business, things like
2 that.
3 Q: Did you ever speak to K. Manfre,
4 M. McCormack, J. Chiodo, A. Kessel, J. Feldman,
5 M. Pater, G. Murphy, E. Scott, L. Berlin,
6 N. Petito, S. Prud'homme, M. Riewe, P. Karnik,
7 K. Januzzi, K. Montagnino, and M. Munoz -- did
8 you ever speak to any of them about Project
9 Plato at any time before you voted on
10 October 11, 2021, to restructure JJCI?
11 A: I don't remember. The human resources
12 people may have been part of the conversations
13 on employees. I don't remember interacting with
14 these employees.
15 Q: All right. So your answer was no to
16 all of those people I just listed except you
17 think you might have talked to -- spoken
18 L. Berlin or N. Petito in human resources about
19 Project Plato?
20 A: Correct.
21 Q: Did you or didn't you? You don't know?
22 A: I don't remember.
23 Q: Okay. And did you ever speak to Steve
24 Kowalski about Project Plato?
25 A: I think the people -- I don't remember
279 :1 the exact thing, but the people I interacted
2 with were more finance, HR, and communications,
3 which are the areas that are closest to my
4 responsibility -- my area of responsibility.

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287 :23 Q: Earlier you were asked who the highest
24 ranking official was on the approval memo -- let
25 me ask you a different question.
288 :1 Who is the highest ranking Johnson &
2 Johnson official that had any involvement in
3 Project Plato?

4 MS. BROWN: Objection, calls for speculation.
5 THE WITNESS: Yeah, as I said this morning,
6 it's not how it works. The team is -- is
7 looking at a project that the team that is
8 mentioned in the memo that we just went through,
9 then there are updates given to the relevant
10 leaders or the executive committee.
11 As I told you, I don't recall how many
12 updates we had between the July meeting and the
13 signing of the memo. And so I can -- I don't
14 remember if there was an update to the executive
15 committee prior to the signing of the memo or
16 after.
17 BY MR. BLOCK:
18 Q: Okay. So the executive committee of
19 Johnson & Johnson was updated on Project Plato
20 after it was approved on October 11, 2021?
21 A: As I told you several times, I don't
22 remember when we got updates on Project Plato,
23 and so I cannot tell you that.
24 Q: As someone who is on Johnson &
25 Johnson's executive committee, can you give us
289 :1 an answer about whether Project Plato was ever
2 discussed at any Johnson & Johnson executive
3 committee meetings or emails at any time before
4 October 14, 2021?
5 A: I don't remember that. It was -- it
6 was part of updates to the executive committee.
7 I cannot recall the exact date of that executive
8 committee, if it was before the formal approval
9 or after the formal approval.
10 Q: The formal approval you're referring to
11 is October 11, 2021, correct?
12 A: Correct.
13 Q: So sometime after October 11, 2021, the
14 executive committee of Johnson & Johnson was
15 updated about Project Plato, correct?
16 A: No. What I just told you, that I don't
17 recall if the executive committee was updated
18 before or after the signing of the memo.

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294 :25 Q: And, sir, did you consider jury
295 :1 verdicts finding that talc caused a person's
2 mesothelioma when they were published in the
3 newspaper, did you consider those to be negative
4 headlines, as Ms. Lorensen says here?
5 A: I think any verdict against Johnson's
6 baby -- Johnson's Baby Powder does generate
7 negative headlines in the media, yes.
8 Q: And as the head of Johnson & Johnson's
9 Consumer Health sector that sells Johnson's Baby
10 Powder, why do you consider those to be negative
11 headlines when it's reported that a person's
12 cancer was caused by Johnson's Baby Powder?
13 A: I think it has a negative impact on our
14 brand, as you can imagine, in terms of
15 reputation of the brand. It creates questions
16 from consumers, from customers, from regulatory
17 authorities in the United States, outside the
18 United States. And so it requires us to put a
19 lot of effort in answering these questions and
20 reassuring the different stakeholders about the

21 science around the product and that we stand by
22 the quality and safety of our product.

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296 :6 A: I want to make sure I understand your
7 question. But as I said, when you have the
8 quality and safety of a product in doubt, that
9 generates questions about the quality and safety
10 of the brand that impact the reputation of the
11 brand.
12 Q: And why did you -- why did you just
13 testify a few answers back that headlines about
14 juries finding that Johnson's Baby Powder caused
15 certain plaintiffs to get cancer, why did you
16 say that that was something that would
17 negatively impact the Johnson's brand and
18 reputation? Why did you say that?
19 A: As I told you, because it creates doubt
20 and confusion in the mind of consumers,
21 customers, and other constituents and it forces
22 us to reiterate and spend a lot of effort
23 reiterating the -- why we stand behind the
24 quality and safety of our product.
25 Q: And why do you believe that news
297 :1 articles reporting juries finding that Johnson's
2 Baby Powder cause cancer, why did you say that
3 that would be something that was negative for
4 Johnson & Johnson's reputation? Why did you say
5 that?
6 A: As I told you three times, because it
7 generates confusion in the mind of customers,
8 customers, and other stakeholders, and that we
9 need to spend a lot of time and effort answering
10 these questions and reiterating the fact that we
11 stand behind the quality and safety of our
12 product.
13 Q: And if the jury finding that Johnson's
14 Baby Powder contained asbestos and caused a
15 person's cancer, how is that consistent or
16 inconsistent with what Johnson & Johnson
17 Consumer Health tells the public health about
18 its values and its credo?
19 MS. BROWN: I don't understand. I object.
20 The question is vague.
21 THE WITNESS: Can you be more specific?
22 BY MR. BLOCK:
23 Q: Sure, sure. When a consumer reads a
24 news article that says that a jury found that
25 Johnson's Baby Powder contains asbestos and
298 :1 caused these plaintiffs to get cancer, how is
2 that message -- how would you compare that
3 message to Johnson & Johnson's Consumer Health
4 message about what the company stands for?
5 MS. BROWN: Objection, vague.
6 THE WITNESS: What I can tell you is that we
7 stand behind the quality and safety of our
8 product. And as we said numerous times, decades
9 of scientific evidence show that our product is
10 safe and effective.

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298 :23 Q: Okay. Let me restate it.
24 When you approved the creation of LTL
25 and the transferring of talc liabilities to LTL,
299 :1 you did so in anticipation of a bankruptcy
2 filing and based upon what you were told, which
3 is that the cases in the court system would stop
4 and the cases would be resolved in the
5 bankruptcy system, right?
6 A: Right, that's one of the benefits,
7 yeah.
8 Q: Okay. And if the cases in the court
9 systems are stopped and there aren't any jury
10 verdicts, then there can't be any negative
11 headlines which report that Johnson's Baby
12 Powder caused a person's cancer, right?
13 A: I would agree with your statement.

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299 :19 Q: And you know since LTL -- since the LTL
20 case was filed on October 14, 2021, you know
21 that there haven't been any negative headlines
22 about juries finding that Johnson's Baby Powder
23 caused cancer because none of the cases are
24 being tried to juries because the cases are
25 currently stopped, right?
300 :1 A: Yes. And I don't see the point of your
2 question.
3 Q: Well, I mean, one point is, have there
4 been any negative headlines about jury verdicts
5 against Johnson & Johnson from October 14, 2021,
6 and talc cases to the present?
7 A: You know, I'm not aware of any verdict
8 that happened between the LTL -- creation of LTL
9 and now.
10 Q: Right, because you know the cases are
11 stopped?
12 A: The cases are stopped, exactly.

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300 :24 Q: Another thing you said earlier was when
25 there is a verdict finding that a plaintiff
301 :1 developed cancer because of Johnson's Baby
2 Powder, that not only negatively affects
3 Johnson & Johnson's reputation, but it also
4 provokes inquiries by regulators, right?
5 A: It generates questions by consumers,
6 customers, regulatory authorities about the
7 quality and safety of the product.

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302 :8 A: As I told you this morning, I'm not in
9 the detail of accounting. It's not the way I
10 manage the business.

11 What I know is that if you take 2020 as
12 a year of reference, the amount paid related to
13 the talc litigation, both in terms of legal
14 costs and payments linked especially to the
15 Ingham verdict, you clearly see, me or anyone,
16 else that this type of costs are unbearable for
17 any business, for -- in the case of 2020, it
18 puts a whole Consumer Health business globally
19 at a loss, as reported in the reports.
20 And so you can imagine that the JJCI,
21 being a part of the global Consumer Health
22 sector, was in the same situation, given that
23 the cost of the pretax litigation are allocated
24 to JJCI.

25 Q: You never reviewed any financial
303 :1 analysis that informed you about whether
2 Johnson & Johnson Consumer, Inc., was able to
3 pay its talc liabilities on a going-forward
4 basis, correct?

5 A: No, I'm not. As I told you, I don't
6 look at my business through the lens of the
7 legal entities and the accounting related to the
8 legal entities.

9 Q: Let me state it differently. I think
10 there was a double negative.
11 It's true that you never reviewed any
12 financial analysis that provided you with any
13 information about whether JJCI was able to pay
14 its talc liabilities on a going-forward basis,
15 correct?

16 A: It's not part of my -- the way I manage
17 the business to look at the accounting related
18 to the different legal entities in -- in my
19 business.

20 Q: That means you did not review such a
21 financial analysis, correct?

22 A: I did not.

23 Q: Okay. And do you have any knowledge
24 about any financial analysis ever conducted by
25 Johnson & Johnson, Johnson & Johnson Consumer,
304 :1 Inc., or any of its professionals regarding
2 whether those companies were able to pay their
3 talc liabilities on a going-forward basis? Do
4 you have any personal knowledge about any such
5 financial analysis?

6 A: I don't have the knowledge of such
7 financial analysis.

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322 :24 Q: Okay. So there are nine people on the
25 'to,' on the 'to' part of the memo who I'm
323 :1 calling the decision committee.
2 Are you telling me that the first time
3 you knew who the other eight members were were
4 at 8:07 in the morning when you got the email
5 with Exhibit 44, the approval memo?

6 A: Yes.

7 Q: And that -- and I think you've already
8 said, and you guys never did meet as a
9 committee, you all just emailed in your separate
10 approvals?

11 A: Right, that was done by email.

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330 :3 Q: And if Mr. Kim referred to the Ingham
4 payment in 2020 as an 'outlier,' would you
5 dispute that?
6 MS. BROWN: Objection, speculation.
7 THE WITNESS: I don't have any -- any opinion
8 on that. What I can tell you is that the Ingham
9 verdict was a very, very large verdict and --
10 BY MR. BLOCK:
11 Q: Okay.
12 A: -- the largest one we had at this
13 point.

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331 :1 Q: Okay. And what was the next closest
2 judgment from a verdict in a talc case that J&J
3 has paid as compared to Ingham?
4 A: I couldn't tell.
5 Q: Okay. You never looked into that?
6 A: No.

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332 :13 Q: Okay. And you didn't look into that
14 question about whether JJCI was operating at a
15 profit or a loss as of the end of the 2nd
16 quarter of 2021 before you made your decision to
17 approve the JJCI restructuring on October 11,
18 2021, correct?
19 A: No, no idea.
20 Q: You didn't do that, right?
21 A: No, I didn't.
22 Q: Okay. And when the 3rd quarter of 2021
23 results were reported five days after the LTL
24 bankruptcy filing, was JJCI operating at a
25 profit or a loss?
333 :1 A: As I told you a number of times, I
2 don't look at my business through the lens of
3 legal entities.
4 Q: And you didn't look at any of the
5 profit or loss information for 2021 before you
6 approved the restructuring of JJCI on
7 October 11th of that year, correct?
8 A: No, I didn't.

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336 :12 Q: What -- what -- what does J&J's
13 reputation have to do with the company's
14 decision to take talc out of baby powder from --
15 in May of 2020?
16 A: As I said, the -- every time that there
17 is a development in the talc litigation, it
18 creates -- generates questions from consumers,
19 from customers, from all stakeholders about the
20 product itself, about the brand itself, about

21 the quality and safety of our product, and that
22 expands beyond the talc product to the --
23 there's a brand at minimum, Johnson's Baby, and
24 that requires us to provide extra efforts to
25 reassure our different constituents about the
337 :1 quality and safety of -- of our product.
2 Q: Okay. Tell us more about the brand of
3 Johnson's Baby and why you believe it's
4 important to Johnson & Johnson.
5 A: Johnson's Baby brand is one of the
6 brands we have in -- in our portfolio. It's a
7 large brand that is present around the world,
8 has been present for many, many decades. It's
9 trusted by consumers as a brand that offers
10 products of high quality and safety. And so
11 it's important for us to maintain and reenforce
12 the trust in -- in these products.
13 Q: Okay --
14 A: These products deserve it, deserve the
15 trust.

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338 :14 A: What I say is that during the course of
15 this litigation a lot of misinformation was
16 communicated to all different stakeholders, that
17 created questions. And it's -- it's -- we have
18 to put a lot of effort in answering the question
19 and re- -- reassure our different constituents
20 about the quality and safety of the product.

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339 :11 THE WITNESS: I just told you I'm aware of
12 that, and I also told you that as a result of
13 these statements, we conducted a thorough
14 analysis and were able to demonstrate that the
15 product quality was not in question. What was
16 in question was the environment where the test
17 was conducted.

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340 :25 Q: Okay. And what basis, sir, do you
341 :1 have, based upon your personal knowledge, to say
2 that information about Johnson's Baby Powder
3 causing cancer has misinformation? What
4 personal knowledge do you have about that?
5 A: As I told you earlier this afternoon,
6 as we mentioned several times in a continual
7 basis, we relied on decades of scientific
8 evidence showing that talc powder is safe and
9 effective.

RYAN, MICHELLE

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8 :19 Can you just tell the court reporter
20 your name officially.
21 A. Michelle Ryan.

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9 :8 So what was your position at the
9 company when you left?
10 A. I was the treasurer of Johnson &
11 Johnson.
12 Q. How long had you been the treasurer of
13 Johnson & Johnson?
14 A. For a little over six-and-a-half years.
15 Q. What does the treasurer of Johnson &
16 Johnson actually do?
17 A. The treasurer is responsible for the
18 treasury function. And at Johnson & Johnson,
19 that includes several different centers of
20 excellence, as we call them.
21 So all of the company's insurance needs
22 were managed by the treasury department. All of
23 our retirement assets were managed by the
24 treasury department. We have -- I have a small
25 team that managed -- did financial analysis on
10 :1 all of the company's mergers and acquisitions
2 and divestitures.
3 And then the -- the majority of my team
4 that we called treasury services managed all of
5 the capital markets' work that a treasury
6 department would do.
7 So things like managing the company's
8 debt and banking relationships around the globe;
9 managing our cash and investments; managing all
10 of our foreign currency; hedging that we do. We
11 have a complicated supply chain, and so we do
12 hedging globally. Managing our relationship
13 with our credit rating agencies.
14 Those are probably the bulk. It's
15 really a risk-focused group mitigating risk
16 across financial investments and financial
17 instruments.

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11 :9 Q. It looks like during the six years you
10 were treasurer, one of the significant uses
11 every year was obviously dividends, right?
12 A. Yes.
13 Q. And it would be fair to say during the
14 six years you were there, dividends probably
15 averaged 10 or 11 million a year?
16 A. Billion, yes.

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15 :14 Q. All right. So, obviously, you're
15 familiar with Ingham and you were familiar with
16 the company's desire to have the Supreme Court
17 review it, right?
18 A. Definitely, yes.

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16 :21 Describe your knowledge of the state of
22 Project Plato as of June.
23 A. I was not aware of any Project Plato or
24 any planned restructuring as of June 1.

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17 :1 So when after June 1, 2021, did you, if
2 you recall -- and we'll have some more documents
3 in here to help us pin us down. But just
4 directionally, when do you think you first
5 became aware of it and how?
6 A. I don't remember the exact date. It
7 was probably sometime in June, July, later
8 June or July. But I don't remember the exact
9 date.

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17 :19 Q. So really my question's not about your
20 lawyer's thinking, it's just about yours.
21 In your mind, as Michelle Ryan, do you
22 believe that the Ingham verdict helped catalyze
23 Project Plato?
24 A. I believe that as a company we had --
25 we were running out of options really because we
18 :1 had -- we had tried to go through the court
2 system and -- well, first of all, the science is
3 on our side, and yet we -- we were winning
4 cases, we were winning cases on appeal, and yet
5 we also could have outcomes like Ingham where
6 due process was not afforded and ultimately the
7 appellate side of the court was unavailable to
8 us.
9 And so while we believe science was on
10 our side, we -- we did not -- as a -- running a
11 business, we also had to make choices. And so
12 with our consumer entity under significant
13 financial pressure because the mounting legal
14 costs, we had to think of other options.
15 Q. So I'm taking that as a yes; in my
16 mind, Michelle Ryan, I think the Ingham
17 declining to hear it helped catalyze Project
18 Plato?
19 A. I would think so, yes.
20 MR. GLASSER: The next document in your pile
21 is 101 and it's dated June 2, 2021. Let's put
22 it in the chat.

23 (Whereupon, Ryan Deposition
24 Exhibit 101 was first referred
25 for identification.)

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19 :11 Mr. Levesque apparently works at
12 Moody's. Was this somebody whom you regularly
13 communicated with at Moody's as part of your job
14 of managing the credit rating relationship?

15 A. Yes. Michael was Moody's lead analyst
16 for pharmaceutical companies, including Johnson
17 & Johnson.

18 Q. Just because this deposition may be
19 read by people who don't know what that is, can
20 you just tell the Court and the -- what that is,
21 what an analyst -- lead analyst is?

22 A. Yes.

23 So credit rating agencies, their --
24 their role is to issue credit ratings on any
25 company -- any company that has debt
20 :1 outstanding, any public company with debt
2 outstanding, so that debt investors can -- can
3 have a sense of the credit worthiness of that
4 company.

5 And so the companies then have analysts
6 who spend time understanding each of the
7 companies that they are responsible for. And
8 through their research and analysis, they then
9 issue a credit rating.

10 So in this case, Michael and I would
11 speak, and he would -- he would ask various
12 questions to better understand change -- it's
13 really all about cash flows to the credit rating
14 agencies. They want to make sure that a company
15 can generate the cash to service its debt,
16 meaning to pay off any principal that's coming
17 due and pay the interest to the bondholders.

18 So their focus is very much from a cash
19 perspective. And we would regularly have
20 conversations about all -- you know, various
21 issues and just overall the standing of the
22 company.

23 Q. So this email dated June 2, 2021, is a
24 discussion where -- between you and Michael
25 about the Imerys bankruptcy, right?

21 :1 A. That's correct.

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22 :4 Q. And it says here that there's a
5 negotiation going on in the bankruptcy of
6 Imerys, and that's what I want to ask you about.
7 Okay?

8 A. All right.

9 Q. I understand that prior to the time --
10 in the Imerys bankruptcy, my understanding is at
11 some time Johnson & Johnson attempted to a
12 global settlement of talc liabilities in the
13 Imerys bankruptcy.

14 Is that your understanding?

15 A. I probably don't have a great

16 understanding of all of the legal mechanics of
17 Imerys.

18 My understanding of Imerys was that
19 Imerys was sued -- Imerys was named as a
20 defendant, as was J&J, in talc lawsuits. And
21 Imerys was looking -- was trying to settle its
22 lawsuits and then saying that J&J would have to
23 indemnify them and -- and cover any settlements
24 that they've reached.

25 And so knowing that J&J had much deeper
23 :1 pockets than Imerys, we said, we want to step in
2 to Imerys's shoes and let us manage all of the
3 cases. And I believe that was called a
4 channeling injunction, where we would -- we
5 would be the defendant, no longer Imerys would,
6 and J&J would have that liability since we're
7 both named as defendants in those cases anyway.

8 That was my understanding of Imerys.

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23 :13 Q. Let's unpack that.

14 There was obviously a cash amount
15 needed for the potential resolution of Imerys.
16 Do you recall the -- directionally the magnitude
17 of that number?

18 A. I was never given a number.

19 Q. So you weren't read into any
20 discussions about a particular number in respect
21 to Imerys?

22 A. Correct.

23 Q. So this idea that Johnson & Johnson
24 would take on all the Imerys liability, you were
25 involved in those discussions, obviously?

24 :1 MS. BROWN: Objection, misstates testimony.

2 You can answer.

3 THE WITNESS: I was -- yeah.

4 I was not involved in all discussions
5 in any way. I was -- I heard some discussions.

6 BY MR. GLASSER:

7 Q. And did you give me the sum and
8 substance of what you understood of those
9 discussions?

10 A. Yes. That is -- that is my nonlegal
11 layman's understanding of what the channeling
12 injunction would lead to and why we were looking
13 to do it.

14 Q. Why, to your understanding, or why do
15 you understand it didn't work out?

16 A. I actually never understood what
17 happened. I just knew it did not work out.

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25 :14 Q. So, Ms. Ryan, this is a July 1 email
15 inviting you to a 30-minute meeting with
16 Joseph Wolk and Louise -- actually, you were
17 inviting them. You're inviting Joseph Wolk and
18 Louise Weingrod to a 30-minute Plato meeting.

19 Do you see that?

20 A. Yes, I do.

21 Q. All right. So this is -- I think this

22 is the earliest email that I have from you in
23 respect to Plato.
24 Is that kind of consistent with your
25 prior testimony, that you think it was after
26 :1 Ingham in probably late June, early July that
2 you first learned about it?
3 A. Yes.

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27 :1 MR. GLASSER: Let's call up the next one,
2 103.
3 (Whereupon, Ryan Deposition
4 Exhibit 103 was first referred
5 for identification.)

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27 :24 Q. So it looks like Michael had a
25 technical question in respect of your debt
28 :1 agreements, right?
2 A. Yes.

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29 :18 Can you pull up 104.
19 (Whereupon, Ryan Deposition
20 Exhibit 104 was first referred
21 for identification.)
22 BY MR. GLASSER:
23 Q. All right. So the -- so the question
24 we were talking about on 103 is right there in
25 the middle of 104, right, Ms. Ryan?
30 :1 A. Yes.

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31 :8 Q. When you got this email, what did you
9 understand him to want to know?
10 A. I think what he's here -- so in the
11 previous email, the previous exhibit we
12 reviewed, he was asking -- or I was responding
13 to him about Imerys and the fact that if Imerys
14 went through, Imerys would be the company filing
15 bankruptcy and they were not a J&J subsidiary.
16 Michael is now saying, well, what
17 happens if a J&J subsidiary does file bankruptcy
18 specifically related to the bond indentures? So
19 like I said before, the credit rating agency's
20 role is to make sure that our -- our bondholders
21 get paid.
22 And so he was wondering if there would
23 be an implication to our -- to our ability to
24 pay our debt, as well as would there be some
25 kind of technical default if a subsidiary of J&J
32 :1 were to file bankruptcy.
2 Q. Right.
3 MR. GLASSER: And let's blow up, Scott, right
4 there in the middle where it says 6E and 6F. I

5 think that's what Ms. Ryan is referring to.

6 BY MR. GLASSER:

7 Q. 6E, I think, refers to some provision
8 in your bond indentures about the bankruptcy of
9 a, quote, significant subsidiary, right --

10 A. Yes.

11 Q. -- in 6F?

12 So that's what you were talking about
13 with Michael, whether -- whether the Imerys
14 thing would involve a bankruptcy of a
15 significant subsidiary, and your answer was, no,
16 it's in Imerys, it was not a J&J company?

17 MS. BROWN: Objection, misstates the
18 document.

19 BY MR. GLASSER:

20 Q. Isn't that what you just basically told
21 me?

22 A. Yeah. I -- I think his question is
23 relative to these things he's called out.
24 He's -- he's asking, is there going to be a
25 problem.

33 :1 Q. Right, let's drop that.

2 And you gave the -- and your answer
3 below -- you have an answer below.

4 A. No, that's not an answer below. That
5 was my email on June 2nd. His is July 1st.

6 So that was the Imerys question that I
7 was answering on June 2nd, and on July 1st he
8 sent his email.

9 Q. Got it. Okay. Let's go to 105 -- or
10 106.

11 Is there a 105 in your packet there?

12 A. I have -- yes, there is.

13 (Whereupon, Ryan Deposition
14 Exhibit 106 was first referred
15 for identification.)

16 BY MR. GLASSER:

17 Q. What's the date of it?

18 A. 105, it's an email from me to Luc
19 Freyne dated 7/13/21.

20 Q. What's the LTL number on the bottom? I
21 have to go get it.

22 A. You're asking me?

23 Q. Yes.

24 A. 0030188.

25 Q. Okay, great.

34 :1 MR. GLASSER: All right. Let's take a little
2 break. I want to pull up 105 and get it in the
3 chat. So we'll take a ten-minute break.

4 THE VIDEOGRAPHER: The time is 9:32 a.m.,
5 Eastern. We are going off the record.

6 (Whereupon, a recess was had at
7 9:32 a.m., after which the
8 deposition was resumed at
9 9:36 a.m. as follows:)

10 THE VIDEOGRAPHER: The time is 9:36 a.m.,
11 Eastern. We are now back on the record.

12 BY MR. GLASSER:

13 Q. So 105, Ms. Ryan, is just you forwarding
14 that same email from the Moody's analyst to the
15 legal team, Erik Haas in particular; is that
16 right?

17 (Whereupon, Ryan Deposition
18 Exhibit 105 was first referred
19 for identification.)

20 THE WITNESS: It looks like that, yes.

21 BY MR. GLASSER:

22 Q. And at the top, whatever Mr. Haas tells
23 you, you send to Luc Freyne, F-R-E-Y-N-E.

24 How do you say that?

25 A. Freyne.

35 :1 Q. What is Mr. Freyne's role in the
2 company?

3 A. Luc is Johnson & Johnson's assistant
4 treasurer. He leads the group before that I
5 called our treasury services team. So Luc is
6 responsible for all the capital markets' work,
7 as well our relationships with our banks.

8 Q. Got it. So he's the logical person to
9 send the question to, A, If we bankrupt a
10 significant subsidiary, are we going to blow our
11 debt coverage?

12 MS. BROWN: Objection --

13 THE WITNESS: I don't -- I don't know what I
14 said in this email so --

15 BY MR. GLASSER:

16 Q. No, I'm not -- I'm not asking about
17 what's under the redaction.

18 I'm just saying, he's the logical guy
19 to send this question to?

20 A. I wouldn't know what the question is so
21 I --

22 Q. The question from Michael there at the
23 bottom. Go to the second page of 105.

24 A. Oh, that -- yeah. If -- yeah. He
25 would be the person on my team that I would ask
36 :1 those questions to around potential
2 implications.

3 Q. Right. Go to 106.

4 Now we're on July 19th. It's an email
5 from you to a gentleman named Scott Borup,
6 B-O-R-U-P.

7 Who is he?

8 A. It says right there. He's our VP of
9 corporate risk management at J&J. He's
10 responsible for all of the insurance.

11 And so, again, one of the groups on my
12 team in treasury managed all of J&J's insurance
13 needs, and Scott was the head of that group.

14 Q. To your knowledge, is he an attorney?

15 A. Scott is not an attorney.

16 Q. To your knowledge, did you give
17 Mr. Borup legal advice in this email?

18 A. No.

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36 :23 Q. Basically it's you and Mr. Borup and
24 Ms. Weingrod talking about the leak of the
25 possibility of a J&J -- of J&J weighing
37 :1 bankruptcy in some way, shape, or form, right?

2 A. It's a -- it was -- it appears Louise
3 forwarded to J&J's CFO and myself an article out
4 of Fox News where it says J&J is weighing a
5 bankruptcy.

6 Q. "As it considers offloading its baby
7 powder liabilities" is the title, right?

8 A. That's what Fox News wrote, correct.

9 Q. And you say to Mr. Borup [as read]: I

10 think you were in the Plato meeting last week
11 too.

12 By this time, were there weekly Plato
13 meetings?

14 A. I don't remember how often a team was
15 meeting because I was not in -- I was not in the
16 detail diligence team. But a detail diligence
17 team had been formed to look at our structuring.

18 Q. In respect of the treasury diligence
19 team, I take it it was looking at questions like
20 the one the Moody's analyst asked, i.e. would
21 the bankruptcy of this subsidiary somehow breach
22 covenants?

23 A. That's correct. So -- so that's
24 why Scott -- it was also -- there's financial
25 contracts from the insurance side.

38 :1 So Luc Freyne was involved looking at
2 debt covenants. Scott Borup was involved
3 looking at insurance contracts.

4 Q. What did Mr. Borup report back
5 generally in respect of insurance contracts?

6 A. In terms of -- is your question, would
7 there be an -- any negative impact as a result
8 of the restructuring?

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39 :6 Q. In respect of the debt covenants, was
7 the report back to you that so long as it was
8 not a significant subsidiary we wouldn't breach
9 those covenants?

10 A. The report -- my understanding, based
11 on the diligence done, was that the
12 restructuring as planned would not cause us any
13 concerns with regards to our debt covenants.

14 Q. Mr. -- the Moody's analyst obviously
15 had a copy of your debt documents when he --
16 when he asked you about paragraph 6E and 6F or
17 he couldn't have done so, right?

18 A. Correct.

19 MS. BROWN: Objection, speculation.

20 THE WITNESS: They're public, so, yes.

21 BY MR. GLASSER:

22 Q. Could I find them -- are they --

23 MR. GLASSER: We can take down 106 so I can
24 see her better.

25
40 :1 BY MR. GLASSER:

2 Q. Are they actually appended to your
3 10-K? Is that how they're published? How would
4 I find them? Are they an exhibit to the K?

5 A. When debt is issued.

6 Q. Oh, Okay. You're saying --

7 A. It's not attached to the 10-K but when
8 debt is issued.

9 Q. Right.

10 MR. GLASSER: So now let's go to 107.

11 (Whereupon, Ryan Deposition
12 Exhibit 107 was first referred
13 for identification.)

14 BY MR. GLASSER:

15 Q. Your -- this is an answer back to him
16 about that technical question we've seen in a
17 few other emails.

18 Do you see the -- at the middle of 107
19 there's that question he asked about significant
20 subsidiaries, right there in the middle?

21 A. Correct, yep.

22 Q. Okay. And then your response is 18
23 days later in July; is that correct?

24 A. That is correct.

25 Q. So you apologize in the first sentence
41 :1 for taking a little while to respond to his
2 question, correct?

3 A. Yes.

4 Q. Then your second sentence is [as read]:
5 We are looking at a number of ways of capping
6 our talc liability, especially with the recent
7 disappointing Supreme Court action on our case.

8 A. Inaction.

9 Q. Yeah, sorry, inaction.

10 So you wrote those words, right?

11 A. It appears so. I don't remember
12 sending this exact email, but this is -- yes,
13 the words on the page say I wrote them.

14 Q. The inaction -- the Supreme Court
15 inaction is that case we started this discussion
16 with, the Ingham case, right?

17 A. That is correct. And the Supreme Court
18 being unable/unwilling to hear our appeal.

19 Q. The next sentence is [as read]: One
20 scenario being considered would be to capture
21 the liability in one subsidiary and fund that
22 subsidiary for current and future losses, and
23 then basically bankrupt that subsidiary.

24 Do you see that sentence?

25 A. Yes, I do.

42 :1 Q. That's essentially what happened here
2 in this case, right?

3 A. From a layman's legal perspective, I
4 guess, yes. Legally I think there is more, but
5 that was -- that was a way, I guess, two
6 financial people might discuss it.

7 Q. And you ask him to tell you how Moody's
8 would view such an action, meaning the impact on
9 our credit rating, right?

10 A. Yes, I specifically asked, would there
11 be an impact on our credit rating.

12 Q. And, in fact, when we were discussing
13 Exhibit 101, you told me that the Moody's -- to
14 the Moody's people, it's all about cash flow,
15 right?

16 A. Yes, that is -- that is their focus.

17 Q. Now, in the first day declaration of
18 Mr. Kim, he said that the cost of defense in
19 this case was somewhere between 10 and 20
20 million a month for J&J away from any verdicts.
21 It was just kind of the boiling cost of the
22 litigation was 10 to 20 million a month.

23 Do you have any reason to doubt or take
24 issue with that?

25 MS. BROWN: Lacks foundation.

43 :1 THE WITNESS: You know, I -- it's not a
2 number that I've heard so.

9 If it's 20 million a month, and in 12
10 months it would be \$240 million, right?

11 A. Yes. That's -- that's basic math.

12 Q. I love dealing with financial people
13 because you all can do the math. It's great.

14 So if the bankruptcy of LTL stops a
15 quarter-billion dollar bleed on a yearly basis
16 from a all-about-the-cash-flow fundamental
17 analysis, it would actually increase credit --
18 creditworthiness of the ultimate parent, if you
19 could avoid for a year a \$240-million outflow
20 that you would otherwise make; isn't that so?

21 MS. BROWN: I object, as in using bleed, an
22 improper hypothetical, and it assumes facts not
23 in evidence.

24 THE WITNESS: Yeah, I would -- I don't agree
25 with that. And, honestly, my question -- I'll
44 :1 read, my question to Michael is, "Would there be
2 an impact on our credit rating on how Moody's
3 views J&J from a financial policy perspective."

4 And so within a credit rating, the
5 majority of the calculation done by the credit
6 rating agency is driven by -- by the financials
7 of the company. So, you know, your cash flow is
8 a major component of that. They look at the
9 size of the company.

10 So part of why J&J is AAA is because we
11 have sales in excess of \$80 billion.

12 But another component is they do a
13 qualitative assessment that they call financial
14 policy. And so quite honestly, my concern here
15 is that the bankrupting of a subsidiary will
16 cause them to view our financial policy in a
17 negative way and that the bankrupting of a
18 subsidiary would lead to a downgrade in our
19 credit rating, not that the elimination of
20 \$200 million of expenses -- because quite
21 honestly, Johnson & Johnson's cash flows are --
22 are significantly greater than 200 million.

23 So that -- that was not really the
24 question, nor was it ever part of the
25 conversation that Michael Levesque and I had.
45 :1 It was not about the ongoing litigation cost.

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45 :5 Basically, I think I hear you saying,
6 look, 10 million a month, that's not a
7 significant -- that's in -- that not material to
8 J&J.

9 MS. BROWN: Objection --

10 BY MR. GLASSER:

11 Q. Just materiality -- (inaudible).
12 (Simultaneous crosstalk.)

13 BY MR. GLASSER:

14 Q. Go ahead.

15 A. I would say to Johnson & Johnson it's
16 not. To Johnson & Johnson Consumer, Inc., it's
17 a different story. But to J&J -- and that's the
18 perspective -- as the treasurer, I bring the
19 enterprise perspective; I don't bring the
20 subsidiary perspective.

21 Obviously, as the treasurer, I also
22 know that J&J is the accumulation of all of our

23 subsidiaries. But we have other subsidiaries
24 who are generating significant cash outside of
25 our consumer subsidiary.

46 :1 So from a JJCI perspective, that kind
2 of ongoing cash flow, it is not immaterial. And
3 I think that's evident in the financial
4 statements that we file that showed how the
5 consumer group went negative as a result of --
6 of talc litigation. But J&J didn't go negative.

7 So -- so my question here is really
8 about the enterprise's financial policy if we
9 were to bankrupt a subsidiary.

10 Q. So it's -- so it's fair to say that
11 even 240 million a year is not material to J&J
12 on an enterprise basis?

13 A. To Johnson & Johnson consumer it's
14 material. To J&J the enterprise, it would not
15 be material based on the material -- yes.

16 It's not insignificant because, you
17 know, our purpose is many. But our major
18 purpose is to bring innovative medicines, and
19 \$200 million a year could fund a clinical trial
20 to help bring, you know, a new innovative
21 medicine to the market.

22 So it's not that it's a meaningless
23 amount of money, certainly. But in discussions
24 with our credit agency, it would have a certain
25 materiality perspective.

47 :1 Q. Which wouldn't be -- which just isn't
2 there for that amount, right?

3 A. To the enterprise, that's correct.

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47 :9 Q. It looks like on the same day,
10 July 19th, that you responded to Mr. -- to the
11 man from Moody's, whose name I can't pronounce,
12 even though you've told me twice.

13 You also got a ping from David Kaplan,
14 his counterpart at S&P, based on the same -- or
15 based on a historian in Reuters about the
16 potential for a bankruptcy as well, right?

17 A. That is correct.

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47 :23 Q. So it looks like you called David about
24 his email. Did you -- what information did you
25 convey to Mr. Kaplan?

48 :1 A. I don't remember honestly.

2 Q. Do you think it was essentially the
3 same as in your email to Mr. -- to Mr. Moody's
4 man, that we're exploring the possibility of
5 capping our liability through a subsidiary but
6 we don't know what we're going to do yet?

7 A. I honestly don't remember.

8 MR. GLASSER: Let's go to 110.

9 (Whereupon, Ryan Deposition
10 Exhibit 110 was first referred
11 for identification.)

12 BY MR. GLASSER:

13 Q. So this is the answer from -- 110 is a

14 follow-up email from the Moody's analyst to you
15 on that same day, July 19th, right?

16 A. I'm just going to read it real quick.

17 Q. Sure.

18 A. Okay. Yes, I've read it.

19 Q. And basically he gives the answer that
20 you kind of gave me, that they're going to use a
21 fundamental approach to evaluate the impact;
22 they're going to really look at cash outflow,
23 impact on balance sheet, and credit metrics.

24 Do you see that?

25 A. Yes, I do.

49 :1 Q. That's kind of consistent with the
2 answer you gave me earlier, isn't it?

3 A. He's answering my question about
4 financial policy and saying the technical aspect
5 shouldn't be any concern for financial policy
6 and they would just look at the -- ultimately
7 the financial implications of such a bankruptcy.

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49 :18 Q. Well, if -- if the effect of a
19 bankruptcy is no one can get a verdict for a
20 year or two and J&J's burn goes from a quarter
21 billion a year to, say, 50 million year, how
22 from a credit matrix perspective could that be a
23 bad thing?

24 MS. BROWN: Lacks foundation; calls for
25 speculation. I object.

50 :1 THE WITNESS: Johnson & Johnson has 40-year
2 bonds. So the credit rating agency isn't just
3 looking at 12 months; they're not just looking
4 out at one year. So they're looking at our cash
5 flows over many, many years.

6 And the other thing that I noted in my
7 email is that we would fund the subsidiary for
8 current and future losses, and that amount is
9 undefined. And so that's why he's saying,
10 think -- tell us more details.

11 So nothing is defined here and that --
12 that's why -- he's not saying it's a good thing
13 or a bad thing and he wants more details.

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51 :6 A. There would be an initial funding of --
7 of \$2 billion as good faith funding, and
8 ultimately, the bankruptcy court would determine
9 the appropriate amount and that amount would be
10 funded, as well as, in addition to, the royalty
11 assets that would be provided.

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51 :13 Do you believe that \$2 billion was
14 funded into LTL?

15 A. As of the time that I left Johnson &
16 Johnson on December 31st, the plan was that the
17 funding would happen sometime in 2022.

18 Q. All right. So from your personal

19 knowledge, you are certain that \$2 billion was
20 not funded at least as of 12/31/2021?
21 A. The plan was that the funding would
22 happen in Q1. And so consistent with the plan,
23 the funding had not yet happened as of the time
24 of my retirement --

25 Q. So it is --

52 :1 A. -- on 12/31.

2 Q. So it is fair to say that in

3 October 2021 when LTL filed bankruptcy, nobody
4 had actually funded \$2 billion, correct?

5 A. That is my understanding, correct.

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52 :12 Q. So if consistent with your knowledge in
13 2021, at the time of its bankruptcy the
14 2 billion had not been funded, then the -- then
15 the funding in LTL was \$50 million of royalty
16 stream per year, you know, 5 million a month,
17 approximately, right?

18 MS. BROWN: Objection, lacks foundation,
19 misstates the evidence.

20 THE WITNESS: We had made the commitment to
21 put the \$2 billion in, J&J had made that
22 commitment. JJCI had made that commitment.

23 BY MR. GLASSER:

24 Q. From a -- as a businessperson, don't
25 you think actual funds are better than promises
53 :1 of funds?

2 A. J&J has never not paid an obligation.
3 So that's why we're AAA rated and we pay our
4 obligations. So I don't think there's any risk
5 in the 2 billion being funded.

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53 :17 (Whereupon, Ryan Deposition
18 Exhibit 1.52 was first referred
19 for identification.)

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54 :22 Q. This is the amended -- this is the
23 amended and restated funding agreement.

24 A. Yep.

25 Q. Dated October 12, 2021.

55 :1 A. Yes, I have that.

2 Q. And you signed it as treasurer on
3 behalf of payor Johnson & Johnson, right?

4 A. That is correct.

5 Q. Before we get to this -- this Section
6 C, permitted funding use, let's just lock down a
7 few basic questions.

8 I take it you did not actually
9 negotiate this agreement with anyone, correct?

10 A. Negotiate, no, that is correct; it
11 wasn't negotiated.

12 Q. You did not change a single word in
13 this agreement when it was given to you,
14 correct?

15 A. It was a legal document, so, no, I
16 didn't change it.
17 Q. You just signed it?
18 A. No, that's not correct. I -- a couple
19 of the J&J lawyers took me through it and
20 reviewed it and -- and helped me understand the
21 main aspects of it, as well as help me
22 understand kind of how it fit into the overall
23 restructuring and approval memo that
24 eventually this -- this funding agreement was
25 approved as part of the approval memo.
56 :1 So they spent some time with me just
2 walking me through it.
3 Q. And was that the day you signed it?
4 A. I don't remember the exact timing of --
5 of the different discussions.
6 Q. Was it near in time to the time you
7 signed it?
8 A. I would think it had to be, yeah.

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56 :12 Let's go to the page 5 and see that
13 we're in the definition of permitted funding
14 use.
15 A. Okay.
16 Q. See that?
17 A. Yes.
18 MR. GLASSER: Highlight that, Scott. Down at
19 the bottom, "permitted funding use." No, just
20 the definition, "means the following."
21 BY MR. GLASSER:
22 Q. Okay. And let's go to page 2. And now
23 we're in "Permitted Funding Use" (c)(ii).
24 [As read]: Following the commencement
25 of any bankruptcy case" -- do you agree that's
57 :1 where we are today because LTL has filed
2 bankruptcy? Right, Ms. Ryan?
3 A. Yes.
4 Q. "Following the commencement of any
5 bankruptcy case, the payee's talc-related
6 liabilities in connection with the funding of
7 one or more trusts for the benefit of existing
8 and future claimants created pursuant to a plan
9 of reorganization for the payee, confirmed by
10 final, nonappealable order of the bankruptcy
11 court."
12 Do you see that?
13 A. Yes.

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58 :14 There are two circumstances under C,
15 (c)(i) and (c)(ii). Let's look at (c)(i). It
16 says that [as read]: LTL's talc-related
17 liabilities established by a judgment of a court
18 of competent jurisdiction will be paid under the
19 funding agreement at any time when there's no
20 bankruptcy proceeding.
21 Do you see that?
22 A. Yes.

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59 :10 Q. All right. So it's circumstance little
11 c, one in the hole, I in the hole, is, if
12 there's no bankruptcy proceeding and a judgment
13 happens, we're going to pay it.
14 Is that your understanding of (c)(i)?
15 A. Yes.
16 Q. Okay. That's what I think it says too,
17 so we're in agreement.
18 All right. Then in (c)(ii), it's
19 something different, right?
20 A. Yes; (c)(ii) is now there is a
21 bankruptcy.
22 Q. Correct.
23 And in the case of a bankruptcy, it is
24 not if there's a judgment we will pay it, it's
25 we will pay pursuant to a plan of reorganization
60 :1 confirmed by non-appealable order.
2 Do you see that?
3 A. Yes, I see that.
4 Q. And do you understand that (i) is
5 different than (ii)?
6 A. Yes.

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60 :10 MS. BROWN: Objection to the form of the
11 question; misstates the document.
12 BY MR. GLASSER:
13 Q. Do you understand there to be a cap on
14 the total amount of funding having to do with
15 the funding agreement?
16 MS. BROWN: Same objection.
17 THE WITNESS: I understand, I think it's even
18 defined somewhere in here, what the funding
19 obligation is.

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60 :21 Q. Yeah, I'll just -- just to help you
22 recall. It's up to the JJCI value, which is a
23 defined term that takes like two pages.
24 A. Yes.

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61 :4 Q. What do you understand that to be
5 directionally?
6 A. So we never did an estimate. So I --
7 you know, I can't speculate on the amount. But
8 JJCI is a significant component of our consumer
9 business, so it would be a -- it would be a
10 significant value.
11 Q. Well, your lawyer -- not your lawyer,
12 LTL's lawyer stood up in court, and he's J&J's
13 lawyer too, and said -- told the Court it was
14 \$61 billion.

15 Do you have any reason to dispute that?

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61 :17 THE WITNESS: I -- it's very specific in the
18 document how the valuation would be determined,
19 so I -- I think my guessing at a number as -- a
20 lawyer, I guess, might be willing to guess
21 numbers, a finance person won't. Just like a
22 lawyer wouldn't guess the legal stuff but a
23 finance person might say some things that could
24 get them in trouble.
25 So I'm not going to guess numbers.
62 :1 There's a specific way to calculate the value,
2 and I would think that would be the appropriate
3 way to determine that. But I think it would be
4 in the tens of billions of dollars.
5 BY MR. GLASSER:
6 Q. So it's fair to say that neither you
7 nor anyone else -- well, neither you nor anyone
8 to your knowledge who approved this funding
9 agreement ever asked what is the JJCI value?
10 MS. BROWN: Calls for speculation.
11 THE WITNESS: I don't know what others did.
12 I did not say, please show me the JJCI value.
13 But based on my knowledge and experience, I knew
14 that it was a substantial value.
15 BY MR. GLASSER:
16 Q. Right. You told me tens of billions?
17 A. Yes.
18 Q. Are you comfortable above 30 billion?
19 A. I'm not going to guess.
20 Q. So you must be comfortable on 20
21 billion because you said tens of billions,
22 right?
23 A. I'm not going to guess. It's a large
24 amount. I shouldn't have said tens of billions.
25 It's a large value.

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63 :11 Q. This is the list of currently existing
12 -- although a couple have been paid -- mesothelioma
13 verdicts that are out there. Most of these are
14 on appeal. Okay? Do you see that?
15 A. Yes.

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64 :4 Donna Olson's case, tried
5 November 30th, 2020, \$15 million compensatory
6 award; \$105 million punitive award.
7 Do you see that one?
8 A. Yes, I do.
9 Q. All right. Let's go back to the
10 funding agreement. Section C.
11 A. Okay.
12 MR. GLASSER: Permitted funding use, Section
13 (c)(i).
14 BY MR. GLASSER:
15 Q. We've already discussed that if LTL is

16 not in bankruptcy, it's going to pay final
17 judgments when due, right?

18 A. This says -- this is related to the
19 payor's paying the payee, I think, not LTL
20 paying.

21 Q. Okay. All right. If -- let's get
22 technical.

23 If LTL said, well, Ms. Olson has a
24 final judgment, we need \$120 million, it could
25 make a claim -- and it was not in bankruptcy --
65 :1 under this document, it could get the 120
2 million from J&J, a payor under the agreement,
3 right?

4 A. If -- if LTL followed all the
5 procedures and -- and sent the appropriate
6 documentation to JJCI, then, yes. If everything
7 was done correctly and it was an approved -- or
8 permitted funding, then yes, then the payors
9 would have to -- would pay LTL.

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65 :24 Q. Okay. Now, we're not in the situation
25 where Ms. Olson could demand of LTL that they
66 :1 make a demand for payment because we're
2 following the commencement of a bankruptcy case.

3 Now we're in (ii) where Ms. Olson's --
4 in the example I'm using, that LTL can't get --
5 actually even if it wants to pay Ms. Olson,
6 cannot do so under this contract accessing these
7 funds without a confirmed plan; isn't that so?

8 MS. BROWN: I object. That misreads this
9 document.

10 THE WITNESS: Again, there's -- there's a lot
11 of -- I think -- I'll defer to the document to
12 answer that question. It's a legal document,
13 and I don't want to sit here and try to -- I
14 think I'll get myself in trouble as a nonlawyer
15 trying to parse the words here.

16 BY MR. GLASSER:

17 Q. But I mean, you said to me earlier that
18 you thought you understood it when you signed
19 it.

20 A. Yes.

21 Q. Isn't your understanding of (ii) that
22 Ms. Olson in our example is going to need to
23 wait until there's a confirmed plan because LTL
24 does not even have the right to call funding for
25 Ms. Olson's claim, even if they want to,
67 :1 following the commencement of a bankruptcy
2 absent a confirmed plan. Isn't that so?

3 MS. BROWN: I object. Improper hypothetical,
4 improper reading of the document, and lacking
5 foundation.

6 THE WITNESS: Is this a question that I
7 should try and answer?

8 BY MR. GLASSER:

9 Q. Yes, you should.

10 Isn't it your understanding that
11 following the commencement of the bankruptcy
12 case, even if LTL wanted to pay Ms. Olson, they
13 have to get a confirmed plan to do so?

14 MS. BROWN: Same objections.

15 THE WITNESS: My understanding is by filing

16 the bankruptcy, as it's stated here, it allows
17 the payment of existing and future claimants.

18 So -- so the bankruptcy and ultimately
19 the funding that would be provided ensures a
20 fair and equitable outcome for both existing
21 claimants and future claimants. And that was
22 one of the benefits of doing it.

23 BY MR. GLASSER:

24 Q. Respectfully, Ms. Ryan, I understand
25 that every witness has given me that -- that
68 :1 talk. That's not the question I asked,
2 honestly.

3 The question I asked is comparing the
4 situation for Ms. Olson, pre-bankruptcy or
5 post-bankruptcy. Pre-bankruptcy she had a final
6 judgment, we've already -- you've already agreed
7 LTL could pay it. If they went through the
8 proper steps to demand the funding properly,
9 they could pay it under (c)(i).

10 Now I'm asking about (c)(ii). It's
11 different.

12 Isn't it true that you understand the
13 document you signed to be even if LTL wants to
14 pay Ms. Olson, they can't pay her until they can
15 pay everyone?

16 MS. BROWN: I object. Improper hypothetical;
17 calls for speculation.

18 THE WITNESS: Certainly when we did this, it
19 wasn't looking at any individual case. There
20 are thousands of cases. And with a product
21 that's used over a lifetime and the type of
22 cases that have come to us, there's a -- there's
23 a probability that cases will need to come in
24 the future.

25 And so the -- the thinking was not
69 :1 specific to any one case, but rather to the
2 longevity of this and the desire to have a -- a
3 way to manage both existing and future claims.

4 So if -- I can't speak to one case.
5 That was -- you can look at one case and put it
6 through (c)(i) and (c)(ii) and come to a
7 conclusion, but that was never what I did and
8 never how I thought about this.

9 BY MR. GLASSER:

10 Q. So I showed you the list of 13 people
11 who have current judgments who want to get paid
12 just like Ms. Olson.

13 So in respect of those -- at least
14 those 13 people, it's fair to say that they are
15 worse off in terms of getting current pay under
16 the bankruptcy for the reasons you just gave,
17 right?

18 MS. BROWN: I object. It completely
19 misrepresents the document in terms of final
20 judgment and it calls for speculation and it
21 lacks foundation.

22 THE WITNESS: No, I don't think I can agree
23 to that.

24 BY MR. GLASSER:

25 Q. You just agree it's different.
70 :1 Everyone has to wait until these conditions are
2 met, a final non-appealable plan is confirmed?

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70 :10 THE WITNESS: It provides a fair and
11 equitable outcome for all of today's cases and
12 future cases.
13 BY MR. GLASSER:
14 Q. But explain to me how any funding can
15 happen under the agreement. Do you remember
16 when we were talking about whether the two
17 billion had funded, and you said, well, no, not
18 by the time I'd left the company?
19 Reading (ii) here, it's the case that
20 that funding will not happen. J&J is not
21 obligated to fund unless and until these
22 conditions are met. Isn't that true?
23 MS. BROWN: Calls for speculation, lacks
24 foundation.
25 THE WITNESS: There's not an obligation.

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72 :4 MS. BROWN: I object. She's answered this
5 question several times. You are asking for a
6 legal conclusion and interpretation. It lacks
7 foundation and it calls for speculation.
8 BY MR. GLASSER:
9 Q. What did you understand when you signed
10 it?
11 A. As I've stated, my understanding of the
12 funding agreement was that Johnson & Johnson
13 would provide the assets RAM that had the
14 royalty piece, Johnson & Johnson -- or JJCI
15 would pre-fund \$2 billion, and that ultimately
16 the bankruptcy court would determine the overall
17 amount that had to be funded.
18 That was my understanding.

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75 :17 MS. BROWN: Objection, improper hypothetical,
18 calls for speculation, lacks foundation.

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75 :22 Q. On behalf of Johnson & Johnson, you
23 signed a document allowing LTL to pay talc
24 liabilities if and only if there's a trust.
25 What did you understand that to mean?

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76 :1 MS. BROWN: I object --
2 BY MR. GLASSER:
3 Q. What did you understand that to mean?
4 MS. BROWN: I object. That misstates the
5 funding agreement and it lacks foundation.

6 THE WITNESS: Again, sir, I -- this is words
7 in a -- in a very legal document. And so I
8 explained to you my understanding of it.
9 All of the mechanisms we did not go
10 over. And I did not think it necessary because
11 Johnson & Johnson and JJCI were making a
12 commitment, and that's -- that's what I
13 understood. And I left it to the lawyers to
14 manage the legal aspects of this and make sure
15 that that would happen as -- as I understood it.
16 BY MR. GLASSER:
17 Q. When you say "mechanisms" in the trust,
18 what do you mean by that?
19 A. I don't -- that's what I'm saying. I
20 don't know what all of the mechanisms are.

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80 :20 (Whereupon, Ryan Deposition
21 Exhibit 111 was first referred
22 for identification.)
23 BY MR. GLASSER:
24 Q. Do you have that in front of you?
25 A. Yes, I do.

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81 :8 Q. In fact, I mean, how did you prepare
9 for the deposition, actually?
10 A. I had J lawyers and Alli Brown, who's
11 on this call, Jim Jones, and Greg Starner, who I
12 guess represent J&J and represent me.
13 Q. And how long did you spend with them,
14 Ms. Ryan?
15 A. I don't know the exact, but probably
16 about five to six hours, maybe a little more,
17 over various days, over a couple of weeks.
18 Q. All right. Let's look at Exhibit 111.
19 There is an email at the bottom.
20 I guess Louise Weingrod sends to you
21 the Wall Street Journal article appended to
22 Exhibit 111, correct?
23 A. Yes.
24 Q. I kind of got the sense just from the
25 email traffic that Louise is kind of your buddy
82 :1 in the company and you're just plain friends.
2 Is that fair to say?
3 A. I guess we -- we are definitely
4 friends.
5 Q. And she asks you if it now sounds more
6 credible, and you respond you could see this
7 happening.
8 Do you see that?
9 A. Yes.
10 Q. In July 19.
11 So obviously, I don't want -- I'm not
12 asking you about what Ms. Weingrod's state of
13 mind was, but in your state of mind, why did you
14 think by July 19th, 2021, that you could see
15 this bankruptcy filing happening?
16 What was it that you understood or had
17 concluded that made it seem like it could happen

18 at this point?

19 MR. GLASSER: We could take that down.

20 THE WITNESS: It just -- it seemed like we
21 were getting some traction. So -- so Louise and
22 I had been -- our teams were working on the
23 potential restructuring, and we had been brought
24 in sometime, sometime in July I'm going to
25 guess, late June, like I said earlier, sometime
83 :1 around then.

2 And so when -- I think when we first
3 heard about it we were unsure as to whether it
4 would be an actual avenue that we would pursue.
5 And then when -- to see an article like this
6 coming out that certainly was not from us, it --
7 it started to give more and more credibility
8 that the restructuring may be able to move
9 forward.

10 BY MR. GLASSER:

11 Q. When you said to me just a few seconds
12 ago that it was getting more traction, I took
13 you to mean internally with the teams at Johnson
14 & Johnson. Is that a fair understanding?

15 MS. BROWN: Object, calls for speculation.

16 BY MR. GLASSER:

17 Q. From your perspective.

18 A. Certainly internally work was being
19 done. But the fact that, you know -- the
20 perspective here was that the plaintiffs bar
21 were the ones floating articles like this in
22 order to try to prevent us from -- from
23 following an appropriate legal pathway.

24 And so this was -- the fact that the
25 plaintiff's bar -- plaintiff's side in this case
84 :1 would be now taking PR measures, it started to
2 suggest that there might be a real credible path
3 here because the plaintiffs' attorneys seemed
4 scared.

5 BY MR. GLASSER:

6 Q. So I guess -- I'm reading your sentence
7 up there at the top. [As read]: Could have
8 been a plan...an ill-fated arrogant plan. Try
9 to scare them.

10 What are you trying to tell me about,
11 your -- what do you mean there?

12 A. That this is the plaintiffs' bar
13 thinking that they're going to get out and
14 create a -- kind of a negative PR storm that's
15 going to scare us from -- scare our lawyers,
16 scare us, from -- from pursuing this approach.

17 Q. So you're saying that you think the --
18 this discussion of bankruptcy is an ill-fated
19 arrogant plaintiffs' lawyers' plan?

20 A. Yes. Because this is the plaintiffs'
21 lawyers who are floating this article to get
22 traction, which -- that it did get some
23 traction, right? I think there were -- there
24 were senators and congressmen who got involved
25 and said -- had opinions on whether J&J should
85 :1 do this or not.

2 And so it was -- it was almost like we
3 had found a legal pathway here that was very
4 viable and the plaintiffs' lawyers who felt that
5 they had us in a corner were now trying to fight
6 us in the court of public opinion and public
7 relations here by putting out bad press.

8 And so that -- they're trying to scare
9 us off.

10 Q. So the "them" is Johnson -- so when you
11 say "tried to scare them," you're saying Johnson
12 & Johnson is the "them"?

13 A. Yes, our lawyers. Like this is now --
14 this is now the plaintiffs' lawyers versus our
15 lawyers and they're trying to scare our team, to
16 scare them, the J&J lawyers.

17 Q. I thought I heard you tell me at the
18 beginning of the answer a few questions ago,
19 though, that you thought the bankruptcy scared
20 the plaintiffs' lawyers and that's why they were
21 doing this.

22 A. Yeah, I did think that's what -- I
23 think they -- the plaintiffs' lawyers realized
24 that we actually had a very real pathway here
25 and they couldn't stop it because legally it was
86 :1 an appropriate pathway.

2 And so the way to stop it was to try to
3 get the court of public appeal in front of it
4 and to put pressure on us to not pursue this
5 pathway.

6 Q. So the scaring was working both ways,
7 the plaintiffs' lawyers, in your judgment --

8 A. We weren't trying to scare the
9 plaintiffs' attorneys. We had a pathway.

10 Q. That was scary to them?

11 A. That led them to believe that
12 lottery-type settlements like the one that
13 just -- this is, what, July 20th -- that just
14 seven weeks before the Supreme Court said, we're
15 not going to offer Johnson & Johnson their
16 opportunity for an appropriate appeal, I think
17 the plaintiffs' lawyers were feeling pretty
18 bullish at that point and they were -- they were
19 willing to keep trying to play for the
20 lottery-type settlements.

21 And certainly under a restructuring
22 under bankruptcy, that would be a very different
23 set of circumstances, was my understanding, in
24 terms of how -- how claimants would be paid out.

25 So, yeah, I think the plaintiffs'
87 :1 lawyers who stand to make significant amounts of
2 money in these trials, especially with
3 lottery-like settlements, were concerned that
4 they -- they might be pushed down a different
5 pathway.

6 Q. Ms. Ryan, did you ever read the
7 Missouri Court of Appeals opinion in Ingham?

8 A. No, I did not.

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89 :4 Q. So I'm still on Exhibit 111, Ms. Ryan.

5 And I understand that you've told me very
6 clearly that you think the ill-fated, arrogant
7 plan was the plaintiffs' lawyers plan to scare
8 Johnson & Johnson.

9 That's your interpretation of your
10 email to your friend Louise, right?

11 A. Who's Johnson & Johnson's head of tax,
12 Louise, yes, and my friend, yes.

13 Q. But I have to say -- and I just want to

14 put it to you, it doesn't -- that doesn't make a
15 lot of sense to me given that she said, "If
16 accurate, not quite zealous representation of
17 our interests."

18 You couldn't have thought -- isn't it
19 true that you could not possibly have thought
20 that the plaintiffs' lawyers were representing
21 J&J's interests?

22 A. I honestly don't know what Louise meant
23 so I can't -- I can't speak to her comments. I
24 can speak to what I thought was happening.

25 Q. Right. But you're responding -- you --
90 :1 I'm asking about your state of mind.

2 You could not possibly believe she was
3 talking about plaintiffs' lawyers, true?

4 MS. BROWN: Objection, calls for speculation.

5 THE WITNESS: I don't know what she was
6 thinking. I know what I was -- I think I'm
7 telling you what I'm thinking when I said in the
8 response regardless --

9 BY MR. GLASSER:

10 Q. I understand. I'm not asking at all
11 what she is thinking.

12 I am asking you, explain to me how
13 you -- isn't it true that you -- you did not,
14 you did not understand Louise to be talking
15 about plaintiffs' lawyers representing your
16 interests, you, Michelle Ryan, understanding?

17 A. I don't -- I don't remember what I
18 thought about her comments. I know what I was
19 thinking and I know what I was referring to.

20 So I -- I can't -- I can't remember
21 everything and every thought that I had in the
22 last eight months, so I don't know.

23 Q. Because if the interpretation of the
24 email is as you've said, it's a non sequitur;
25 your response has nothing to do with her
91 :1 statement, right?

2 A. I don't know, sir. So I'm -- I don't
3 know what she was referring to. I know at the
4 time there was --

5 Q. And you --

6 (Simultaneous crosstalk.)

7 THE WITNESS: I know at the time that we --
8 these emails -- I know at the time we were
9 looking for paths forward.

10 We had been in discussions on this
11 potential path forward for, at this point,
12 probably a few weeks from the first time that
13 we -- Louise and I had been made aware of it.
14 And it seemed like we actually had a path
15 forward and that the plaintiffs' lawyers were
16 trying to shut it down.

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93 :14 Q. What is your understanding of "properly
15 reserved for"? What are you trying to reserve?

16 A. For any liability that the company had,
17 not just litigation, you would make sure that --
18 I mean, generally accepted accounting principles
19 say you have to have something that is both
20 probable and estimable or estimatable.

21 So -- so even if something is probable,

22 if you can't make an estimate of it, you can't
23 accrue it. And if you can estimate something
24 but it's not probable, you also don't reserve
25 for it.

94 :1 So it has to meet the test of probable
2 and estimable. And then based on that -- so
3 then to estimate, you have to have foundational
4 information to create your -- your estimate.
5 And the probability piece in this case really
6 comes from the lawyers' judgment, as well as the
7 accountants have a say in what's probable or
8 have a perspective in both.

9 So it really would be our corporate
10 controller team and our -- our litigation team
11 making the conclusions on both probability and
12 estimation.

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95 :21 On the next page we see that 996 number
22 from the prior page and then a payments number
23 of 534 with a subtotal of 462 million.

24 Explain that to me. What's happening
25 there?

96 :1 A. What's happening on this -- just with
2 the 99 -- so the 996, again, would have come
3 from...

4 So the top line called "talc" would be
5 the total reserves that had been established for
6 talc over time. And so you see the first column
7 there is 2018. So as of the end of 2018, we had
8 \$550 million reserved and we had paid out 306.

9 So there -- on Johnson & Johnson's
10 balance sheet, then, at the end of 2018, we
11 would have \$244 million reserved for talc
12 litigation. And then quarter-by-quarter -- Q1,
13 2, 3, and 4 -- if you add across, the 550 plus
14 8, 190, and 248, you'll get the 996, I'm
15 assuming. And -- so that just shows each
16 quarter.

17 So in Q1, the lawyers must have said,
18 oh, we're going to need to spend a little bit
19 more than the 550 we had estimated, and we made
20 payments of 45 million in Q2. Again, updates
21 from lawyers. We paid some fees out to lawyers.

22 Q3, the estimate of the ongoing cost
23 didn't increase, but we paid 45 million. And in
24 Q4, I think that's from the previous page where
25 it was about 250 million, it's about 248.

97 :1 So now the lawyers again looking
2 forward said, okay, it's going to cost us about
3 this much for the next 24 months to continue in
4 pursuit of this. Paid out 75.

5 So in total at the end of 2019,
6 Johnson & Johnson had booked \$996 million of
7 reserves over time relative to talc litigation,
8 and we had paid out 534 million. So on our
9 balance sheet, we had \$462 million of reserves
10 related to talc litigation.

11 MR. GLASSER: Okay. Let's go to Exhibit 116.
12 (Whereupon, Ryan Deposition
13 Exhibit 116 first referred for
14 identification.)

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99 :8 Q. And we see 2020's balance there,
9 5 billion, right?

10 A. Yes.

11 Q. 5 billion 25.

12 And then we see that payment for
13 Ingham, which is 2.5 billion there in Q2 of
14 2021. Do you see that?

15 A. Yep.

16 Q. All right. So it's fair to say that
17 this not only includes legal costs, but it --
18 costs of settlements and verdicts, too?

19 A. Yes.

20 Q. That are paid?

21 A. Yes. Yes.

22 Q. Leaving 2.391 billion accrued on the
23 balance sheet as of 2021, as of October 31,
24 2021.

25 Does this have any relation to the
100 :1 choosing of the, you know, offered initial
2 funding being \$2 billion?

3 MS. BROWN: Objection, speculation.

4 THE WITNESS: I do not know -- no, not that
5 I'm aware of.

6 BY MR. GLASSER:

7 Q. But you are aware that historically
8 Johnson & Johnson did not accrue on its balance
9 sheet estimates for future as yet unfiled claims
10 because they're not estimable in your -- using
11 the words you used, estimable, right?

12 MS. BROWN: Objection, speculation.

13 And I would just caution you, Michelle,
14 to the extent that what was -- any decisions
15 about accruals or reserves were informed in your
16 mind by legal counsel and legal advice, I would
17 instruct you not to reveal those conversations.

18 THE WITNESS: Okay. I mean, I think in
19 our -- I think in the footnote to our financial
20 statements we're pretty clear with what -- what
21 we accrued and what we didn't accrue.

22 So my understanding is that we did not
23 reserve for future claims because both the
24 probability and the ability to estimate them
25 would be -- we couldn't do that, couldn't do
101 :1 that in a way that met the requirements of GAAP
2 accounting.

3 BY MR. GLASSER:

4 Q. So earlier today when we were talking
5 about the funding agreement and how (ii) in the
6 hole was designed to have a plan that covers
7 existing and future claims and we talked about
8 the \$2 billion, if the \$2 billion -- J&J itself,
9 as we can tell from this document which is
10 Exhibit 116, at least as of the day before the
11 bankruptcy, believed it could estimate as
12 probable \$2.391 billion of obligation in respect
13 to talc, right?

14 MS. BROWN: Objection, speculation,
15 foundation.

16 THE WITNESS: We were able to -- by what's in
17 our financial statements, the fact that it's in
18 our financial estimates, we had the ability to

19 say it was probable and an estimate. It does
20 not mean that's an exact amount, but it was --
21 there was a probable, estimable liability for
22 the enterprise of \$2.391 billion, yes.

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104 :6 Q. At the beginning of this deposition we
7 talked about the \$31 billion in available cash
8 and cash equivalence that were on the balance
9 sheet at the time of this bankruptcy.
10 Why, to your knowledge, did J&J not
11 just put \$5 billion in LTL?
12 MS. BROWN: I object. Calls for speculation.
13 THE WITNESS: Well, the reality is the
14 responsibility is JJCI's. But J&J in good faith
15 was going to fund the \$2 billion as a means to
16 show the Court that setting -- that the
17 restructuring that we were doing was a --
18 something we believed in and we wanted to
19 provide fair and appropriate settlements as --
20 as ultimately required for current and future
21 claimants.
22 And so \$2 billion is certainly not an
23 insignificant amount of funding to commit to
24 this. And ultimately the bankruptcy court would
25 tell us the amount due and we would fund the
105 :1 remainder.

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105 :7 Q. Yeah. Where is old JJCI today? You
8 said this is JJCI's obligation.
9 Where is that company that had that
10 obligation?
11 A. Old JJCI was restructured and new JJCI
12 exists. I don't know.
13 Q. So old JJCI -- old JJCI was
14 extinguished by the transaction, right?
15 A. New JJCI has all the responsibilities
16 of old JJCI.
17 Q. It doesn't have the talc liabilities
18 according to the piece of paper you all wrote
19 each other. LTL does, right?
20 A. Through the funding agreement JJCI and
21 J&J have agreed to fund LTL as necessary.
22 Q. So since J&J signed --
23 A. Up to -- up to the value -- up to the
24 value of old JJCI. So --
25 Q. Which you already -- which you already
106 :1 told me in this deposition was tens of billions
2 of dollars.
3 So I'm saying, why didn't you just put
4 5 billion in LTL? Who made that decision?
5 MS. BROWN: Objection, lacks foundation,
6 calls for speculation.
7 THE WITNESS: I don't know who made the
8 decision.

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106 :17 Q. Did you ever discuss businessperson to
18 businessperson inside J&J with anybody what an
19 appropriate amount of funding for LTL would be?
20 A. No, I did not.

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108 :8 Q. In fact, I've asked this question of
9 every witness in the case and haven't really
10 gotten an answer yet.
11 Why -- do you know why it had to happen
12 so fast over the two-day period?
13 MS. BROWN: Objection, calls for speculation.
14 THE WITNESS: I do not.
15 BY MR. GLASSER:
16 Q. Were you ever involved in any discussions
17 about when it ought to happen?
18 A. No, I was not.

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111 :13 Q. So I take it the normal money
14 management system is, at least in the United
15 States -- I know this may not be true globally,
16 but at least in the United States, accounts are
17 swept every evening to a concentration account,
18 right?
19 A. Yes.
20 Q. Those concentration accounts are -- is
21 a bank -- I take it at Bank of America in the
22 name of Johnson & Johnson, right?
23 A. Yes.
24 Q. I couldn't hear you.
25 A. Yes. Sorry.

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117 :1 (Whereupon, Ryan Deposition
2 Exhibit 121 was first referred
3 for identification.)
4 BY MR. GLASSER:
5 Q. Do you know, when it says "End," does
6 that tell us how long the meeting actually
7 lasted, or was that -- is that the planned
8 amount when you get these invites?
9 A. That would be the amount that is
10 scheduled for meetings, as I'm sure you know,
11 can run really long or can run short.
12 Q. I like those better.
13 So do you recall what this meeting on
14 the 6th was about?
15 A. Yeah, this was to discuss the
16 restructuring plan and the -- the approval memo
17 and the funding agreement.
18 Q. So this is the call you think where you
19 were -- where you were briefed in on what the --
20 what the meaning of the funding agreement when
21 we were -- we were talking about the funding
22 agreement before, and you said, I had a meeting.
23 I think you might have said with Chris and -- do
24 you think this was this meeting?

25 A. Yeah, I'm going to think this was
118 :1 probably the meeting. I don't know if there was
2 another meeting, but this was probably the
3 meeting.

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118 :8 (Whereupon, Ryan Deposition
9 Exhibit 122 was first referred
10 for identification.)

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121 :1 Q. And then when he drills down a little
2 bit more, as you said on page 1, he gives us a
3 \$1.3 billion number.
4 Do you see that right above the box?
5 A. Yes.
6 Q. Redacted --
7 A. Yes, he said we had 1.3 billion on the
8 balance sheet.
9 Q. For settlements previously accrued,
10 right?
11 A. Yes, that's what it says.
12 Q. So it looks to me like the drill down
13 is trying to figure out the incremental
14 difference between settlements previously
15 approved and \$2 billion.
16 Is that how you read it?
17 A. Without being able to see the redacted
18 box, I can't for sure. But, yes, the first two
19 -- Adam is saying that what will hit JJCI's P&L
20 for Q3 and, therefore, J&J's P&L for Q3 won't be
21 the full 2 billion because there are already
22 things that were reserved on J&J's balance
23 sheet.

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131 :13 Q. Let's go to Exhibit 126. And we don't
14 need to pull this up. We can put it in the
15 chat.
16 (Whereupon, Ryan Deposition
17 Exhibit 126 was first referred
18 for identification.)
19 BY MR. GLASSER:
20 Q. This is an email from you, October 11,
21 2021, 1:00 p.m. in the afternoon, approving the
22 transaction. Do you agree?
23 A. Yes.
24 Q. I take it you did this on your own, you
25 did not, in fact, have a committee meeting of
132 :1 the other approving parties, correct?
2 A. Correct. The approvers did not all get
3 together. We each had our own, I'll call it,
4 areas of responsibility and -- for approving
5 somewhat relative to that, I guess I would say.
6 Q. So when you gave your approval, you
7 believed you were saying, from a treasury
8 perspective, I approve that this will not cause
9 us trouble from a treasury perspective?

10 A. That's right. I mean, if you look at
11 the to list, on the to list there are -- there
12 are four members of CFO staff, Paul Ruh,
13 Robert Decker, Louise Weingrod, and myself.
14 So we certainly don't need four members
15 of the CFO staff called just to approve in
16 general, so we were all looking at specifics
17 related to our areas of expertise.

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134 :8 Q. I asked you questions with respect to
9 the funding agreement. But to tap it down,
10 there are nine steps set forth in the approval
11 memorandum and the deal documents. There are 82
12 deal documents that effect, you know, each of
13 those nine steps.

14 I take it you personally did not have
15 any involvement in negotiating or writing or
16 commenting on any of those deal documents?

17 A. That's correct, personally I did not.
18 My team would have been involved just to make
19 sure from an understanding standpoint of having
20 -- related to our treasury department. But I
21 did not have personal input into any of it.

22 Q. Exhibit 1.57 [sic] is in your stack.
23 It's the amended and restated commitment and
24 loan agreement between Johnson & Johnson and
25 Johnson & Johnson Consumer, Inc., that you
135 :1 signed. Do you recognize that?

2 A. Yes.

3 Q. Why did Johnson & Johnson and Johnson &
4 Johnson Consumer, Inc., need to enter this loan
5 and commitment agreement, to your knowledge?

6 MS. BROWN: Objection, calls for speculation,
7 lacks foundation.

8 THE WITNESS: I don't know all the legal
9 aspects of it. I know that J&J does not have to
10 fund JJCI's cash flows forever under the funding
11 agreement. J&J's commitment to LTL was defined.
12 And so J&J has a certain commitment, but JJCI is
13 truly the parent company of LTL. And so JJCI is
14 first and foremost responsible.

15 BY MR. GLASSER:

16 Q. All right. Do you remember I asked you
17 a series of questions before about how does JJCI
18 call cash or get cash from Johnson & Johnson
19 prior to this transaction under its normal --
20 under its normal operations. And part of the
21 reason I asked you those questions is it feels
22 like, to me, that this first -- this loan
23 document is the first evidence I've seen of an
24 actual right or ability of JJCI to actually get
25 money from J&J without J&J's consent, kind of an
136 :1 obligation. Is that why it was done?

2 MS. BROWN: Lacks foundation, calls for
3 speculation.

4 THE WITNESS: I'm not sure as to the specific
5 reasons why.

6 BY MR. GLASSER:

7 Q. So it's fair to say that even though
8 you signed the loan and commitment agreement,
9 its role in the transaction you're not sure of?

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136 :11 MS. BROWN: Objection, misstates testimony.
12 Go ahead.
13 THE WITNESS: I understood the
14 responsibilities that J&J had under the loan
15 agreement.
16 BY MR. GLASSER:
17 Q. Did you ever see any pro forma
18 financial analysis of LTL as a post-bankruptcy
19 company?
20 A. No, I did not.
21 Q. How was the initial capitalization of
22 LTL for \$6 million plus a royalty stream arrived
23 at?

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137 :1 THE WITNESS: I don't know.

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137 :3 Q. I couldn't hear you, ma'am. I'm sorry.
4 A. I do not know how it was derived.
5 Q. Have you ever in your last six years as
6 treasurer at any time seen any estimate of what
7 the future talc liability, future total overall
8 fair value analysis or whatever of what the sum
9 and substance of the existing cases could yield
10 in terms of liability for J&J?
11 A. No, I never did.

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138 :14 Q. Well, maybe another way then is to say
15 it's the case that the bankruptcy of LTL,
16 despite that, J&J continued to operate its
17 businesses as usual, correct?
18 A. We continued our business operations,
19 yes. Again, as part of our -- I would say part
20 of our operations is always the planning for
21 different scenarios. We're looking at different
22 scenarios. We're looking at different uses of
23 cash. So we knew we had at least \$2 billion
24 less cash.

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140 :3 You -- there was reference earlier in
4 your deposition to Project Plato, and I just
5 want to know what your understanding of those
6 words as used at J&J is.
7 A. My understanding of Project Plato was
8 that it was a team of experts from various
9 functions who were brought together to do due
10 diligence around the restructuring of our

11 consumer group that could lead ultimately to the
12 structure that is documented in the approval
13 memo. But it wasn't -- it wasn't a preconceived
14 structure, so it was let's do diligence and
15 understand if there's a way to restructure that
16 could -- that could allow us ultimately to get
17 to some type of structure that allowed us to
18 file for our -- for one of the subs to file for
19 bankruptcy.

20 Q. And did -- what was your understanding
21 of the ultimate purpose if that was carried out?

22 A. We felt like we had run out of options.
23 So we had a -- JJCI was under significant
24 financial pressure from these continued and
25 mounting legal costs. And with what we would
141 :1 call lottery-like outcomes, we didn't view that
2 as sustainable for JJCI for the long run.

3 And we felt that in the legal system
4 our options had -- had run out with our belief
5 that due process wasn't afforded to us and
6 ultimately the appellate court would not listen
7 to our -- our appeal about that. There were
8 very few options left.

9 So if there was an appropriate legal
10 pathway, then we wanted to understand that so
11 that we could ultimately provide a fair and
12 equitable outcome and efficient for all parties
13 involved.

14 Q. And did you understand there to be
15 economic benefits to J&J if Project Plato was
16 carried out?

17 A. I never -- I never heard of it
18 discussed in economic terms. It was really a
19 legal path forward because we didn't feel we had
20 a legal path forward.

21 Q. Well, let me -- let me -- let me try
22 and break that down. Thank you.

23 Is it -- in your experience, from your
24 many years at J&J including as treasurer, was
25 one of J&J's primary goals to provide value to
142 :1 shareholders?

2 A. Certainly. As a publicly traded
3 corporation, one of -- one of your goals is to
4 create value for your shareholders.

5 J&J is -- with our credo speaks about
6 our -- our four major responsibilities, the
7 first of which is to the patients, the moms, the
8 dads, the people who use our product. Second is
9 to our employees. Third is to our communities.
10 And, finally, we believe if we do the first
11 three correctly, the shareholders will receive a
12 fair return.

13 Q. In your experience at J&J, either
14 generally or specifically, would J&J take --
15 undertake strategies that impaired shareholder
16 value?

17 A. That is not the norm. You could look
18 at things like why do we give donations. That
19 takes away from -- potentially from a dollar in
20 our pocket and, therefore, a dollar in our
21 shareholders' pockets. But no, we don't
22 typically do things that destroy value.

23 Q. So, in fact, would you agree that at
24 least one of the motivations in the Project
25 Plato strategy was to provide an economic

143 :1 benefit to J&J?
2 MS. BROWN: I object, lacks foundation, calls
3 for speculation.
4 THE WITNESS: I never heard it described as
5 in economic terms why we were pursuing it.
6 BY MR. JONAS:
7 Q. So is it the true that the only --
8 strike it -- strike that.
9 Is your understanding that the only
10 reason that J&J undertook Project Plato was to
11 provide -- let me see if I get this right -- to
12 provide a fair and equitable resolution to talc
13 claimants?
14 MS. BROWN: I object. That misstates her
15 testimony.
16 MR. JONAS: I'll restate the question so we
17 have a clean record.
18 BY MR. JONAS:
19 Q. Is it your understanding that the only
20 reason that J&J undertook Project Plato was to
21 provide a fair and equitable resolution to talc
22 claimants?
23 MS. BROWN: Calls for speculation.
24 THE WITNESS: I won't say that was -- I don't
25 know all of the reasons. Certainly one of the
144 :1 reasons was to provide an efficient, fair, and
2 equitable outcome for all parties.
3 BY MR. JONAS:
4 Q. Okay. Do you have an understanding as
5 to whether there are any other reasons to
6 undertake Project Plato?
7 A. Again, as a company, we were looking
8 for a valid legal pathway because we felt that
9 other legal pathways had been closed when the
10 Supreme Court couldn't or wouldn't hear our
11 appeal.
12 Q. And when you say "a valid legal
13 pathway," to what? A valid legal pathway to
14 what end?
15 A. To a fair and equitable and efficient
16 settlement for all parties involved.

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145 :5 In July of 2021, you were part of
6 strategic discussions at J&J relating to capping
7 talc liability, correct?
8 A. I think --
9 MS. BROWN: I object, lacks foundation.
10 Go ahead.
11 THE WITNESS: Sorry, Alli.
12 MS. BROWN: No. Go ahead.
13 THE WITNESS: I was going to say I think
14 you're using the word there in terms of capping
15 that I'm not sure how you're defining that, and
16 so I'm not comfortable agreeing that the
17 diligence we were doing was designed to cap talc
18 litigation.
19 We were looking for a legal path
20 forward to manage our talc, all the cases that
21 we had today and into the future. I never heard
22 anyone saying the goal was the capping of the
23 liability.

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148 :20 Q. Okay so let me try it again.
21 Were you part of discussions at J&J as
22 early as July 2021 relating to a strategy to
23 manage talc liability by moving talc liability
24 into a newly formed subsidiary and putting that
25 subsidiary into bankruptcy?
149 :1 A. Yes, I was involved in conversations
2 and ultimately the analysis of such a strategy.
3 Q. Thank you.
4 And as far as you know, that strategy
5 was put into effect and carried out ultimately
6 resulting in the bankruptcy of LTL, which was
7 filed in North Carolina in October 2021,
8 correct?
9 A. The LTL filed bankruptcy in 2021,
10 October 2021, that is correct.
11 Q. I'm sorry. You were breaking up. It's
12 not your fault.
13 A. Ultimately, LTL filed bankruptcy in
14 October of 2021.

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149 :16 Is it your understanding that LTL's
17 filing bankruptcy in twenty -- October of 2021
18 was the culmination of Project Plato?
19 A. I'm not sure I would say it just like
20 that. But Project Plato -- the work of the
21 Project Plato team was to do the diligence to
22 understand multiple aspects.
23 So as an example, in the treasury
24 space, as discussed earlier, would there be any
25 negative implication to our bond covenants, to
150 :1 our hedging agreements, to our banking
2 agreements, to our insurance agreements.
3 So the teams, each from their own
4 discipline, did an analysis and determined that
5 Plato could go ahead. The ultimate bankruptcy
6 was the decision of the LTL board.

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150 :12 Did you believe -- I want -- I want to
13 know your understanding, your belief as
14 treasurer of J&J. Strike that.
15 As treasurer of J&J, did you believe
16 that Project Plato was a good strategy for J&J?
17 MS. BROWN: Objection, vague.
18 THE WITNESS: I -- I think if we ultimately
19 could have a defined liability for talc,
20 regardless of the size of that defined
21 liability, that would be a good thing for the
22 company.
23 I thought if ultimately we had a
24 bankrupt subsidiary, we would also have negative
25 PR. So I thought it was kind of a balance of
151 :1 probably good and -- and bad depending on how it

2 all came together.

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151 :22 Q. Okay. We may need to have you do that.
23 But I will try to make it easier. So let me see
24 if I can get you there. And if not, we can
25 certainly go back and look at document -- have
152 :1 you look at the document.
2 If Project Plato is ultimately
3 successful, do you believe that J&J -- that
4 J&J's talc liability could exceed the value of
5 old JJCI?
6 MS. BROWN: Lacks foundation and calls for
7 speculation.
8 THE WITNESS: I don't know because it depends
9 ultimately on how the bankruptcy court
10 determines the value for LTL that has to be --
11 has to be provided.

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152 :13 Q. I'm sorry, I'm confused. You signed
14 the funding agreement, correct?
15 A. Yes, I did.
16 Q. You were part of strategic discussions
17 at a high level at least relating to Project
18 Plato, correct?
19 A. Yes, I was.
20 Q. Are you testifying now that you do not
21 understand what J&J's talc liability may be if
22 Project Plato is successful?
23 MS. BROWN: Objection.
24 THE WITNESS: I don't know what J&J's talc
25 liability will be because it's not defined.

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154 :15 But do you understand one way or the
16 other whether old JJCI could have, itself, filed
17 bankruptcy?
18 A. I don't know the answer to that.
19 Q. Do you have any understanding one way
20 or the other if Johnson & Johnson, the parent
21 company, could have filed or could file for
22 bankruptcy?
23 A. Again, I don't know all of the rules
24 and regulations for filing for bankruptcy.

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156 :14 Do you recall the discussion relating
15 to the \$2 billion of, I think it might have been
16 referred to as qualified settlement fund or
17 funding that was discussed earlier?
18 A. Yes, I do.
19 Q. Okay. And do you know who was involved
20 in the decision surrounding that amount that is
21 using \$2 billion as the -- that funding amount?

22 A. I do not know.

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157 :1 When you first saw the \$2 billion
2 number as treasurer, how was that presented to
3 you?
4 A. I honestly don't remember the first
5 time that I saw it. I don't remember.
6 Q. Okay. And I mean, \$2 billion, that's a
7 fair amount of money even for a company like
8 J&J, right?
9 A. It's a significant amount of money,
10 yes.
11 Q. So did -- did you ask any questions
12 like, hey, why is it 2 billion and not a billion
13 or -- did you ask anybody any questions about it
14 or you just accepted it?
15 A. I believe I asked Chris Andrew --
16 Q. Okay.
17 A. -- who is our lawyer to help me
18 understand -- not so much the -- yes.
19 MS. BROWN: And I'll caution you, again,
20 Ms. Ryan, to the extent the answer would
21 indicate discussions with Mr. Andrew in a legal
22 capacity, I will instruct you not to reveal the
23 substance of that conversation.
24 THE WITNESS: Yep.
25
158 :1 BY MR. JONAS:
2 Q. And what is your understanding how the
3 \$2 billion was arrived at?
4 MS. BROWN: And, again, if that understanding
5 comes from something lawyers told you in their
6 capacity as providing legal advice, my same
7 instruction would apply.
8 THE WITNESS: I don't think there is much
9 else I can say. I think the only conversation
10 being with Mr. Andrew.

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158 :12 Q. Okay. Did Mr. Andrew tell you how --
13 I'm not asking for the detail. I simply want to
14 know yes or no -- did Mr. Andrew tell you how
15 the \$2 billion number was arrived at?
16 A. No.
17 Q. Okay.
18 A. That's not --
19 Q. And you didn't ask that?
20 A. Not that I recall.

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161 :8 Who first told you about Project Plato?
9 A. I first heard about the concept of a
10 potential restructuring from Erik Haas, our head
11 of litigation. I don't know the exact date.
12 And eventually the team put in place to do the
13 due diligence around the potential restructuring

14 was given the code name "Plato."

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172 :21 So -- so John Kim was present for your
22 deposition preparation; is that true?
23 A. That is true.
24 Q. So it was John Kim, Alli Brown,
25 Mr. Starner from White & Case, Mr. Jones from
173 :1 Jones Day --
2 A. Yes.
3 Q. -- and -- and John Kim that were
4 present at your deposition preparation, correct?
5 A. Yes. And Erik Haas was there for part
6 of it, and Andrew White from J&J was also there
7 for part of it.

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174 :19 Q. All right. So let's look at
20 Exhibit 105.
21 MS. BROWN: Michelle, just take a minute and
22 let us know when you have it.
23 THE WITNESS: Yes, I have it.

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175 :7 Q. Okay. And Mr. Levesque says [as read]:
8 We realize the contemplated scenario involves a
9 subsidiary other than a J&J subsidiary, but we
10 are thinking through what happens in the event
11 the process went through and involves a J&J
12 subsidiary after all.
13 Do you see that?
14 A. Yes.
15 Q. Okay. So you had been discussing with
16 Mike Levesque from Moody's about a contemplated
17 scenario involving the transfer of J&J's talc
18 liabilities to a subsidiary, correct?
19 MS. BROWN: Objection.
20 THE WITNESS: No, you're misreading this.
21 Michael Levesque is responding to my email that
22 is further down this chain from June 2nd. The
23 timing is completely coincidental with the
24 meeting that I had with Joe Wolk and any
25 discussions on Project Plato.
176 :1 So Michael, he says, "We realize the
2 contemplated scenario involves a subsidiary
3 other than a J&J subsidiary." He's talking
4 about the Imerys situation in his email. But he
5 then jumped to, But we, Moody's, are thinking
6 through what happens in the event that it would
7 involve a J&J subsidiary.
8 So I got that email and thought, wow,
9 they've kind of jumped on to what we're actually
10 thinking about doing, which is why ultimately
11 there's an email from me that takes me a couple
12 weeks to even get back to him because I thought,
13 well, I'm not going to tell him at this point
14 about what we're thinking about in Project Plato
15 until I better understand if there is a chance

16 Project Plato could be moving ahead.
17 So he in his July 1st, the time of it
18 and everything is completely coincidental with
19 the meeting that I had with Joe Wolk. I did not
20 call him. I had not mentioned to him anything
21 about a potential J&J restructuring or J&J
22 subsidiary going into bankruptcy.

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176 :25 So here -- here you get this email from
177 :1 Mike Levesque on July 1st, at 1:40 p.m., July 1,
2 2021, and he's clearly talking about the
3 resolution of J&J's talc liabilities that he's
4 saying something about, well, what would happen
5 if it involved a J&J subsidiary, right?
6 A. That's right.
7 Q. And on your --
8 (Simultaneous crosstalk.)
9 THE WITNESS: (Inaudible) very clearly what
10 would happen with our -- some of our debt
11 agreements and would it be considered a default.
12 BY MR. BLOCK:
13 Q. Right, okay. And on your end, am I
14 correct you were thinking that we're talking
15 internally about transferring our talc
16 liabilities to a subsidiary en route to
17 resolving the cases in bankruptcy and here
18 you're being asked by Mr. Levesque essentially
19 about that?
20 A. Yes, I was -- I was -- yes, I don't
21 remember exactly how I felt, but I know I was a
22 little surprised that he had gone down that path
23 on his own.
24 Q. Okay.
25 A. Because it was something we had never
178 :1 discussed.

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179 :23 Q. Were your concerns about negative PR
24 from J&J transferring its talc liabilities to a
25 subsidiary that then filed for bankruptcy, were
180 :1 those concerns at any point in time alleviated
2 or resolved?
3 A. I think when we ultimately decided to
4 move ahead when the LTL board approved the
5 bankruptcy and it was announced publicly, I
6 think we were prepared from a communications and
7 PR standpoint.
8 Q. And one of the things that J&J
9 communicated to the public was very clearly that
10 J&J itself had not filed for bankruptcy, right?
11 A. Yes, yes.
12 Q. And that -- and that no other J&J
13 affiliate including JJCI had filed for
14 bankruptcy, correct?
15 A. Yes.
16 Q. And J&J told the public that J&J and
17 JJCI would continue their operations business as
18 usual, correct?
19 A. Yes. And that was important to do when

20 you have retail customers expecting your
21 product. You don't want them to think that
22 there's going to be some kind of issues with
23 just the operations of the business.

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190 :2 Q. Okay. So was this -- when you were
3 forwarded this news article, are you basically
4 finding out that somehow J&J's internal
5 discussions about Project Plato had leaked to
6 the press?

7 A. I think there was an internal -- well,
8 there was a debate whether somebody in J&J
9 leaked, which is what Scott Borup believes here
10 when he says, "I'm mystified how it leaked." Or
11 that the plaintiffs' bar was trying to get in
12 front of anything we might do and were leaking,
13 if you will, on our behalf that -- to try to
14 head us off at the pass so that --

15 Q. Okay.

16 A. -- we could not pursue this legal
17 strategy.

18 Q. To your knowledge, how would any of the
19 plaintiffs' lawyers who were handling talc cases
20 against J&J have -- have even known about
21 Project Plato before this news article on
22 July 19, 2021?

23 A. That I'm not sure of, but I know that
24 they're smart lawyers. So they knew that we
25 were running out of options and this is an
191 :1 option. And so maybe they wanted to clog up
2 that artery before we opened it up and used it.

3 Q. Okay. So you don't -- you don't have
4 any personal knowledge --

5 A. No.

6 Q. -- of how any plaintiff's lawyer
7 handling any talc cases could have found out
8 about Project Plato before July 19, 2021, right?

9 A. I do not. I have no knowledge of
10 anything like that.

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196 :20 Q. Why did you wait to respond to
21 Mr. Levesque until the story had been reported
22 in the media earlier that morning of July 19,
23 2021?

24 A. I believe we were waiting to be more
25 confident about that strategy of something that
197 :1 we were going to pursue, that that was a pathway
2 that we could pursue because, like I said
3 before, my concern with our credit rating agency
4 was that the bankrupting of a subsidiary would
5 be viewed as a negative. And it's why in my
6 email to Michael I ended it with I'd like to
7 understand if there is an impact on our credit
8 rating or how Moody's views J&J from a financial
9 policy perspective.

10 I viewed that it would be -- I thought
11 it would be viewed as a negative by the credit
12 agency and I did not want to alert them that we

13 were considering such a thing until I was more
14 certain that it was something that we were going
15 to pursue.

16 Once there is a story in the press
17 about it, I know they're going to call -- and I
18 think there is even an email further in the deck
19 where I -- it's Exhibit 108 where they did call,
20 and I forwarded it to the CFO and said they both
21 reached out on this.

22 So I had no choice but to now respond
23 to what was happening because they were saying
24 what's going on.

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201 :19 Q. Okay. So looking at your email from
20 July 19, 2021, at 1:59 p.m. that you sent to
21 Michael Levesque at Moody's, I want to read you
22 a sentence from your email. [As read]: We are
23 looking at a number of ways of capping our talc
24 liability, especially with the recent
25 disappointing Supreme Court inaction on our
202 :1 case.

2 Do you see that sentence?

3 A. Yes, I do.

4 Q. And was that a true statement that you
5 made to Moody's on July 19, 2021?

6 A. Yes. What I would like to say about
7 it -- I guess a couple of things. I mean --
8 I'll focus on the one.

9 A couple questions earlier around the
10 use of the word capping. Capping in the context
11 with a credit rating agency, I don't know if
12 there is actually like a legal meaning of
13 capping here.

14 But as finance professionals, capping
15 to us, what it meant, both to Moody's and to me
16 in using the word, was defining.

17 We would have a defined liability
18 because what we did not have was -- what we had
19 at this moment in time was something very
20 undefined. And when you could have Ingham-like
21 outcomes of \$4-plus billion or ultimately
22 \$2-and-a-half billion lottery-like outcomes,
23 then it was very detrimental to us and it was
24 creating an overhang on the company's credit
25 rating because there was such uncertainty.

203 :1 And if you go back and read Moody's
2 reports or S&P's reports, you will see that both
3 of them took our credit rating down -- not our
4 credit rating down, but they put us on negative
5 watch and the negative watch is typically the
6 step before your credit rating is reduced a
7 notch or more.

8 And in their reports they reference the
9 uncertain liability and they talk very much
10 about talc.

11 So capping in this context, really, I
12 guess I could have used a better word, but
13 capping to me and to them in our conversations,
14 it was really "we're going to have a defined
15 amount."

16 Q. Okay.

17 A. And I think -- I'm just reading what I

18 said here. Yeah.

19 So it was not meant to say we were
20 looking to put some arbitrary amount but rather
21 by doing this we could finally have a defined
22 amount.

23 Q. So you're a financial professional,
24 correct?

25 A. Yes.

204 :1 Q. Mike Levesque is a financial
2 professional, correct?

3 A. Yes.

4 Q. And the words you used were [as read]:
5 We are looking at a number of ways of capping
6 our talc liability, especially with a recent
7 disappointing Supreme Court inaction in our
8 case.

9 Do you see that?

10 A. Yes, I see that.

11 Q. Okay. And my only question for you is
12 was that statement true when you made it to
13 Mr. Levesque on July 19, 2021?

14 A. The statement is true. And what I'm
15 trying to make sure the record states is what I
16 meant by the word "capping." So -- because I
17 think different people can look at that word
18 differently.

19 So there is -- our goal was to have a
20 defined amount for the liability, and that's
21 what this would -- from a -- from a Moody's
22 perspective, having a defined amount was very,
23 very important.

24 And so it wasn't so much was it a
25 dollar, a billion, ten billion. The defined
205 :1 amount was really, really important as they look
2 at us having over \$30 billion of debt
3 outstanding, a \$10 billion revolver, a
4 \$10 billion line of credit, and an undefined
5 liability.

6 So, yes, I used the word "capping," but
7 I just want to make sure it's clear what my
8 intent was with that word.

9 Q. Capping, by definition, means creating
10 a ceiling that you're not going to -- that
11 you're not going to go above of. I mean, the
12 word "cap," right, it's a cap on something. Are
13 you saying -- are you saying you misspoke?

14 A. I'm saying my understanding of the
15 ultimate restructuring was that we would have a
16 defined amount because the bankruptcy court
17 would ultimately define the amount that had to
18 be funded to LTL. And so there would be a
19 defined amount, and that -- so, therefore, the
20 defined amount would put a number.

21 Q. Okay. So --

22 A. I'm not sure I misspoke. I mean, I
23 think it's kind of like a step from one word to
24 the other. But they -- I guess what I'm trying
25 to say is I think it means the same thing,
206 :1 because the bankruptcy court would define the
2 amount. If you have a defined amount -- you
3 just said the definition of capping is no more
4 than; a defined amount equals no more than.

5 Q. Okay. So what you're testifying to
6 today is that what you meant to convey to
7 Moody's was that Johnson & Johnson was looking

8 at a number of ways to define the amount of its
9 talc liability, especially with the recent
10 disappointing Supreme Court inaction in the
11 Ingham case; is that correct?

12 A. That's correct. And the importance of
13 the mention of the Supreme Court again was that
14 we felt that our legal avenues were becoming
15 fewer and fewer.

16 And so leading up to the Supreme Court
17 inaction in our case, we had said to Moody's,
18 even though we had -- had to book a reserve the
19 prior year, we believed we would prevail. Once
20 we were heard at Supreme Court, our appeal would
21 win the day.

22 And with that inaction, it caused the
23 credit agency to -- to say, well, now what, and
24 now you do have lottery-like losses and this is
25 concerning to your credit rating and how will we
207 :1 get a defined amount.

2 Q. So are you saying that Johnson &
3 Johnson was concerned in July of 2021 -- I think
4 you said this earlier -- that the talc
5 litigation was potentially damaging to J&J's
6 credit rating because the amount of liability of
7 the talc litigation was undefined?

8 A. It was putting an --

9 MS. BROWN: Objection. Objection. It calls
10 for speculation.

11 THE WITNESS: Our credit rating had a
12 negative watch on it. And part of that negative
13 watch was driven by the uncertainty related to
14 talc liability and driven by -- I believe
15 Moody's put us on negative watch soon after the
16 initial Missouri decision on Ingham, the in
17 excess of \$4 billion decision.

18 So clearly the talc liability was
19 having a negative implication on J&J's credit
20 rating.

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208 :2 Q. Okay. What other factors, what other
3 things other than the undefined amount of the
4 talc litigation, to your knowledge, caused J&J
5 to have a negative watch put on it from Moody's
6 in terms of J&J's credit rating?

7 A. It was probably litigation overall.
8 But with the other major litigation item that
9 J&J had related to opioids having -- having a
10 cap, having clarity, having a defined amount,
11 really the biggest uncertainty that remained was
12 talc.

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209 :2 Q. I think what you're testifying to right
3 now -- and you can correct me if I am wrong --
4 that J&J still has a negative watch put on it by
5 Moody's in terms of J&J's credit rating, in your
6 opinion, because of the undefined amount of the
7 talc litigation, as we sit here today.

8 Is that your testimony? Or if it's

9 different, please clarify.

10 A. I believe that at least a portion of
11 J&J's negative watch from Moody's is driven by
12 the undefined nature of our talc liability.
13 That does not mean that -- that removing that
14 negative watch was a driver in pursuing a
15 restructuring.

16 And as far as I know, the two were
17 never connected. But I was not in the room when
18 the legal strategy was developed.

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212 :17 Q. Well, when you told Mr. Levesque that
18 J&J was looking at capping our talc liability,
19 had you spoken to Michelle Goodridge, the
20 president of JJCI?
21 A. No, I had not.
22 Q. Have you ever spoken to Michelle
23 Goodridge, the president of JJCI, about Project
24 Plato?
25 A. No, I have not.

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214 :24 How would you characterize Johnson &
25 Johnson's financial condition as of October 2021
215 :1 when the LTL bankruptcy was filed?

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215 :10 THE WITNESS: I would say that Johnson &
11 Johnson Consumer, Inc., who was responsible for
12 the talc liabilities, their financial standing
13 had weakened with the Ingham verdict.
14 Our financial records, public records,
15 show that they were in the red. They were
16 negative from an income perspective the prior
17 year. So the impact of -- or the whole consumer
18 group was because of the impact of JJCI.
19 So certainly the legal liability that
20 had been incurred to date was taking a toll on
21 the financial strengths of JJCI.
22 J&J's financial position was strong.
23 But J&J didn't have an obligation to fund JJCI
24 forever, and so JJCI needed to take action.
25

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216 :5 You just said that in October of 2021,
6 J&J's financial condition was strong. Is that a
7 true statement, yes or no?
8 A. Yes.
9 Q. And how strong was J&J's financial
10 condition as of October 2021?
11 A. I'm not sure how to define -- so strong
12 is the word I used. I don't know if there's
13 degrees of strength.

14 I think the fact that there were
15 billions of dollars flowing to legal costs
16 prevented us from being even stronger and being
17 able to invest in innovation, which has -- is
18 what has driven our company and driven the value
19 for our shareholders.

20 So billions of dollars, as shown on a
21 previous exhibit, prevented us from investing
22 further behind all of the innovations that we
23 create in both our pharmaceutical and medical
24 device and consumer businesses. So we were
25 strong --

217 :1 Q. But well, you said --

2 A. -- but we could have been stronger.

3 Q. You said --

4 A. There was an overhang on our stock for
5 a number of years as a result of the uncertainty
6 of litigation. There's an overhang on our
7 credit rating.

8 So I guess we were strong but could
9 have been stronger without the impact of -- of
10 the uncertainty of talc litigation.

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217 :13 So not only is it your position that
14 the undefined amounts of J&J's talc liability
15 affected J&J's credit rating, but what you're
16 telling us today is that that liability also was
17 what you would term "an overhang" on J&J's stock
18 price; is that true?

19 A. That's my opinion. I don't know if
20 everybody in the company would agree. That's my
21 opinion.

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218 :6 Johnson in 2021. So I just want to know why you
7 characterize Johnson & Johnson's financial
8 condition as being strong in 2021. Can you --
9 can you put that in any sort of monetary terms
10 or professional terms that are understandable?

11 A. \$80 billion of sales and 15 to
12 \$20 billion of cash flows is -- is a strong
13 business. The market cap of 4- to \$500 billion
14 is a large business. So there were financial
15 metrics that show financial strengths.

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218 :17 Now, a few times today you said that
18 the talc liabilities were the responsibility of
19 JJCI and not J&J. Do you recall that testimony?

20 A. Yes.

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219 :7 Q. Who told you that JJCI was responsible
8 for the talc liabilities and not J&J? Who told

9 you that?
10 A. That's the way it works. They're the
11 legal entity that is responsible for talc.
12 J&J isn't responsible for -- just like Janssen
13 Pharmaceuticals is responsible for our
14 pharmaceutical business, JJCI is responsible for
15 our consumer business.

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221 :10 Q. Okay. Do you have an understanding, as
11 you sit here today, that JJCI is legally
12 responsible for the talc liabilities and not
13 Johnson & Johnson?

14 A. It's my understanding that JJCI is
15 responsible for the talc liabilities.

16 Q. And what do you mean when you say
17 "responsible"?

18 A. That they are the legal entity that is
19 required to pay them, and if -- yes, they are
20 the legal entity responsible to pay for any --
21 any liabilities there.

22 Q. And where did you get the information
23 that you just testified to?

24 A. That's how our business is set up. So
25 that company -- the company who has
222 :1 responsibility is accountable. Like when our
2 McNeill unit had legal issues, the McNeill unit
3 was responsible and whatever legal entity
4 ultimately it reported to. So it's -- it's how
5 our corporate structure works.

6 The affiliates are responsible for
7 their liabilities, not --

8 Q. Okay.

9 A. -- the corporate structure, not the
10 corporate --

11 Q. Do you have any --

12 MS. BROWN: Let her finish her answer.

13 MR. BLOCK: Sure.

14 THE WITNESS: I just said not the enterprise.

15 BY MR. BLOCK:

16 Q. Okay. Do you have any awareness of
17 whether there's ever been a judgment, a legal
18 judgment, requiring J&J, the parent company, to
19 pay talc liabilities from particular cases. Do
20 you have any awareness about that at all?

21 A. I do not.

22 Q. Okay. Was it your understanding that
23 the Ingham judgment was against JJCI and not
24 against Johnson & Johnson, the parent company?

25 A. That was my understanding, yes.

223 :1 Q. Okay. And if a portion of the Ingham
2 judgment was against J&J, the parent company, do
3 you know why JJCI would be paying that on behalf
4 of J&J, the parent company?

5 A. I have no idea since I'm -- yeah, I'm
6 not aware of it, so I wouldn't even know to ask
7 a question about it.

8 Q. Okay. And I assume you've never seen
9 any agreement or any document that required JJCI
10 to pay any talc judgment or liabilities that
11 were against J&J, the parent; is that correct?

12 A. That's correct, I've never seen such a
13 document.

14 Q. Okay. So I think you used the words
15 "financial stress" earlier. I think you said
16 that JJCI was under financial stress before the
17 restructuring. Is that the word you used?

18 A. I believe it is, yes.

19 Q. Okay. And what is the basis for your
20 statement that JJCI was under financial stress
21 before the October 2021 restructuring?

22 A. In 2020, they reported negative
23 earnings as a result of the legal accruals that
24 were required. So that is certainly a sign of
25 financial stress for a -- for a company with
224 :1 decent size sales and operations to be negative.

2 Q. Other than your review of the 2020
3 annual reports, are there any other documents or
4 records that you're relying upon in support of
5 your statement that JJCI was under financial
6 stress as of October 2021?

7 A. No, I think that document shows it.

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228 :24 And I think you agree with me that the
25 J&J talc-related costs and expenses in 2021
229 :1 before the bankruptcy filing were actually
2 substantially less as compared to 2020, right?

3 A. It's a function of the timing of cases.
4 It's not -- it's not -- I mean, we saw the chart
5 earlier that showed quarterly expenses and we --
6 and -- and it shows how it's zero in one quarter
7 and 700 in the next quarter.

8 So I think that just confirms that
9 there's a wild uncertainty here. And as cases
10 get settled, it causes significant volatility.
11 And these numbers as well show that when you can
12 have an asterisk on a page because one quarter
13 has no earnings on a business that probably has
14 3 billion -- it's probably on here somewhere --
15 had sales that quarter of -- I'm looking for
16 it -- the consumer group in the second quarter
17 of 2020 had sales of \$3.3 billion and no income.

18 So it shows that because of the
19 volatility of legal expenses, the group income

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230 :11 Q. All right. Now, you had said earlier
12 that you feel like these jury verdicts -- I
13 think you said wild and unpredictable; is that
14 right?

15 A. Lottery-like, unpredictable, yes.

16 Q. Okay. And did you -- did you feel that
17 there could be another Ingham verdict, that that
18 was representative of other verdicts that J&J
19 was likely to see in the future?

20 A. I'm not sure we would say anything was
21 likely, but that's why it's lottery-like.

22 I'm not likely to win the Mega
23 Millions, but it's a lottery and I could. And
24 so that's why lottery-like outcomes in
25 litigation are a big concern for us.

231 :1 So, yes, it was a possibility that we

2 could have very large and, in our view,
3 inappropriate outcomes, especially since the
4 science is on our side. We believe we should
5 win every case and certainly not lose
6 multi-billion dollars verdicts.

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231 :17 Q. Okay. And it says here in the 10-Q for
18 2021 for J&J [as read]: The facts and
19 circumstances, including the terms of the award,
20 were unique to the Ingham decision and not
21 representative of other claims brought against
22 the company.
23 Do you see that?
24 A. Yes.
25 Q. And was that statement to investors, at
232 :1 least to your knowledge, true?
2 A. It's definitely true, yes.

RYAN, MICHELLE - 01/27/2022

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234 :15 Q. Okay. So what you just testified to
16 there is in making the decisions that you did
17 with respect to Project Plato, you believe that
18 restructuring JJCI and LTL filing for bankruptcy
19 and resolving the case in the bankruptcy system
20 is the most fair and equitable way for J&J to
21 resolve its talc litigation; is that correct?
22 A. I think it is the most fair for all
23 parties involved, yes.
24 Q. Okay. So how did you come to that
25 conclusion that the resolution of the cases in
235 :1 the bankruptcy system, which includes staying
2 all the court cases against Johnson & Johnson
3 pending throughout the country, on what basis
4 did you conclude that the bankruptcy system was
5 better than the court system?
6 A. Because it would lead to more timely
7 and efficient settlement is what I understood.

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243 :19 Q. I mean, you're an officer of Johnson &
20 Johnson, and Louise Weingrod, she's pretty high
21 level at Johnson & Johnson, right?
22 A. Yes, we're both on the staff of the
23 CFO.
24 Q. Okay. And with -- and she's saying
25 "sounding more credible?" You're saying "I
244 :1 could see this happening."
2 So it sounds to me like the two of you
3 aren't the ultimate decision makers about
4 whether to pursue Project Plato, right?
5 A. Project Plato was a legal strategy
6 predominantly, so the legal team would be the
7 one driving it. We were informing the decision.
8 Our teams were informing the decision.

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247 :8 So is that what you believe and what
9 you believed when you were treasurer of Johnson
10 & Johnson, that the plaintiff lawyers
11 representing people who developed cancer and
12 sued Johnson & Johnson as a result of their
13 client's use of baby powder are playing the
14 lottery, in the words you used?

15 A. No, I don't think they're playing the
16 lottery. But I think it's -- our company gets
17 sued -- my opinion, I have a distaste for the
18 whole product liability system in our country
19 because I think it -- it encourages frivolous
20 lawsuits and that's -- but that's my opinion.
21 That's not the treasurer of Johnson & Johnson
22 speaking.

23 As the treasurer of Johnson & Johnson,
24 the way this is explained to me is if -- if we
25 were to go down this path, we -- we don't run
248 :1 the risk of outside verdicts any longer and we
2 can get to efficient, fair, equitable outcomes
3 for the claimants who deserve to be paid, and
4 the very volatile and un- -- undefined aspect of
5 the claims that we had been facing would go
6 away.

7 So -- so I believe that. And I believe
8 that plaintiffs' lawyers who do make a lot of
9 money in these cases saw that they might not
10 make as much money. And so that would be
11 something concerning, in my opinion, to a
12 plaintiff lawyer and why they would not want us
13 to be able to avail ourselves of this legal
14 pathway.

15 Q. You mentioned your distaste for the
16 American product liability system. Do you also,
17 quite honestly, have a distaste for the
18 plaintiff lawyers that file product liability
19 claims against Johnson & Johnson?

20 MS. BROWN: Note my objection.

21 THE WITNESS: I don't have any personal point
22 of view. I don't think I know any of them. I
23 guess today maybe I met a few, but I don't know
24 the lawyers. So it's not a personal thing.

RYAN, MICHELLE - 01/27/2022

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252 :9 Q. All right. And is it true -- is it
10 true that you had helped draft the Project Plato
11 approval memo?

12 A. I wouldn't say I helped draft it. I
13 would say a -- and I think it was a previous
14 exhibit as well. Yeah, a previous exhibit
15 showed it being passed around the work team and
16 ultimately Duane Van Arsdale sending it to me
17 and I sent back a couple of thoughts on edits.

18 So I wouldn't say draft; I would say
19 edited a few things. And as I said earlier, I
20 edited it not with anything to do with the legal
21 plan or the restructuring itself but more around
22 structure of the documents because I'm very used

23 to receiving restructuring documents and I
24 wanted it to have the same form and substance
25 that other J&J -- my language, now I'm probably
253 :1 using legal terms there -- a similar flow, a
2 similar template, a similar flow to other J&J
3 restructuring documents.

4 Q. Okay. So let me --

5 A. And it was a basic restructuring of the
6 company.

RYAN, MICHELLE - 01/27/2022

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274 :9 Q. And so in approving the restructuring
10 plan that you approved on October the 11th --
11 and this is Exhibit 126 -- did you hope that
12 this plan, this restructuring plan would result
13 in a situation where the liability is clearly
14 defined?

15 A. I believe that if the board of LTL
16 ultimately approved the bankruptcy, that we
17 would then -- my understanding, my
18 businessperson's understanding of the bankruptcy
19 system is that the court would then determine an
20 amount that had to be funded. And so through
21 that process, yes, we would have a defined
22 amount.

RYAN, MICHELLE - 01/27/2022

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275 :4 Q. And you knew when you approved the plan
5 that the bankruptcy created an automatic stay
6 would stop the litigation with regards to the
7 state court jury system, correct?

8 MS. BROWN: Objection, calls for speculation,
9 lacks foundation.

10 THE WITNESS: I understood the stay because
11 that was part of it. I didn't understand all
12 the mechanisms of it. I just knew that for a
13 period of time cases would be stopped while the
14 bankruptcy court kind of organized itself and
15 determined the path forward for the cases.

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296 :6 Q. When did you hear, if you did hear,
7 that it looks like the spinoff is going to be a
8 go?

9 A. Our board formally approved it in
10 October and I think probably after -- in about
11 -- throughout this year it started to become
12 more and more probable that it would happen.

13 Q. When you say "this year," do you mean
14 2022 or --

15 A. 2020 -- I'm sorry, 2021.

16 Throughout 2021, as we had more
17 conversations internally and conversations were
18 had with our board, there seemed to be growing
19 acceptance or growing alignment that this was --
20 this was a good course of action for us.

21 Q. Do you have an understanding as to why
22 it was believed within J&J that this was a good

23 course of action?

24 A. Well, I think this document, although I
25 don't have it all totally known, but right there
297 :1 [as read]: The separation designed to enhance
2 operational performance and strategic
3 flexibility, benefiting patients and consumers
4 and unlocking value for all stakeholders.

5 So it was a strategic decision as our
6 innovative healthcare businesses in
7 pharmaceuticals and medical device have really
8 gone down a different path. I mean, 30 years
9 ago pharmaceuticals were mainly chemical drugs
10 and our consumer business had a -- had -- a
11 pretty large portion of that was OTC drugs. So
12 there were synergies there.

13 But our pharmaceutical business has
14 gone more and more toward biologics and things
15 like that. And the synergies that exist between
16 the two businesses have become much less and the
17 -- just the overall business models have really
18 diverged. And so it was a belief that
19 separation was best for both companies and would
20 lead to the best outcomes ultimately for our
21 shareholders as well.

RYAN, MICHELLE - 01/27/2022

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298 :12 Q. Was one of the purposes of the
13 corporate restructuring formation of LTL and
14 capping talc liabilities, in part, to enhance
15 the value of the global consumer business?

16 A. No, no, not at all. It -- because
17 really J&J had choices on how to manage the talc
18 liability, and so it was -- again, they were two
19 irrespective pieces.

20 So, no, it wasn't -- it -- the -- the
21 restructuring and LTL and, you know, what it
22 ultimately -- would we have -- would LTL be
23 bankrupt, that was not part of any of the
24 discussions that we had as we talked about the
25 separation of consumer.

RYAN, MICHELLE - 01/27/2022

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299 :7 Q. In your email to Moody's, you know, you
8 state that you're looking at number -- numerous
9 ways of capping our talc liability and then you
10 described the one option.

11 But what are the other options being
12 considered?

13 A. We really didn't have other options at
14 that time that I was aware of. So I think it
15 was my way of kind of stepping into this
16 discussion with him. But this was -- this was
17 the only option that I had been made aware of
18 other than continuing in the court system that
19 we felt was -- was not a worthy option.

RYAN, MICHELLE - 01/27/2022

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302 :20 Q. Going back to the spinoff that we just

21 looked at, the announcement of the spinoff, do
22 you think that would have been possible if talc
23 liabilities were still allocated to JJCI?

24 MS. BROWN: Lacks foundation, calls for
25 speculation.

303 :1 THE WITNESS: I don't know because that
2 wasn't the case.

3 BY MR. KAHN:

4 Q. Okay. Would capping the liabilities
5 for talc, in your mind, enhance the value of new
6 JJCI?

7 MS. BROWN: Lacks foundation, calls for
8 speculation.

9 THE WITNESS: A defined liability would --
10 would certainly help in defining the value of
11 any company. So it -- having -- having a
12 defined liability -- you say capped, I say
13 defined -- it helps to understand the value of a
14 company. When it's an undefined amount, it's
15 very difficult to say what is the company worth.

16 BY MR. KAHN:

17 Q. All right. So it would make it a more
18 attractive investment?

19 A. It may not. That all depends. If the
20 bankruptcy court comes back and were to say it's
21 a \$50 billion liability, then that may not make
22 it a more attractive company.

23 Q. All right. Looking at just the day
24 before this corporate restructuring occurred,
25 did J&J have any difficulty meeting its debts
304 :1 when due?

2 A. The phone broke up. The day before did
3 J&J what?

4 Q. Have difficulty meeting its debts when
5 due?

6 A. No, Johnson & Johnson did not have any
7 issues servicing its debt.

8 Q. Did it have any overdue debts?

9 A. Not that I was aware of, certainly
10 nothing intentional.

11 Q. Had it defaulted on any debts at that
12 time?

13 A. No.

14 Q. Did it have any difficulty raising or
15 borrowing money?

16 A. No.

17 Q. Did it have impaired access to capital
18 markets?

19 A. No.

20 Q. Now, I want to ask you the same
21 yes-or-no type questions as to JJCI.

22 As of the day before the corporate
23 restructuring, did JJCI have difficulty meeting
24 its debt when due?

25 A. Not that I was aware of.

305 :1 Q. Did it have any difficulty -- or strike
2 that.

3 Did it have any overdue debts?

4 A. JJCI wouldn't have debt because we --
5 our U.S. affiliates don't have access to capital
6 markets; the corporate enterprise does. So they
7 wouldn't have debt. They might have accounts
8 payable through their vendors, but they wouldn't
9 have debt.

10 Q. Are you aware of whether it had any

11 overdue accounts with its vendors?

12 A. Only something that was unintentional
13 where something got hung up in the accounts
14 payable department for some reason.

15 Q. All right. But not as a result of an
16 inability to pay?

17 A. That's correct, not that I was aware
18 of.

19 Q. And I think you said it had no debts
20 because that would be on the corporate -- or the
21 J&J level, correct?

22 A. Yes.

23 Q. And it would not have difficulty
24 raising or borrowing money because that would be
25 at the J&J level?

306 :1 A. That's right, it wouldn't. That's not
2 an entity that would do that.

3 Q. And the same would be true as to access
4 to capital markets, that would be on the J&J
5 level --

6 A. That's correct.

7 Q. -- not the JJCI?

8 A. Correct.

9 Q. Now, I think you said this before, I
10 just want to make sure.

11 Do you know whether any J&J entity
12 prepared or had prepared on its behalf analysis
13 of the fair market value of JJCI?

14 A. I had not seen any analysis calculating
15 the fair value of JJCI.

16 Q. Okay. It may have occurred, it may not
17 have occurred, you just haven't seen it?

18 A. Yeah, I don't know who would have done
19 that, though. So I would be surprised if it was
20 done, but I definitely have not seen it if it
21 was done.

22 Q. Have you ever heard of anybody
23 preparing an estimate, either draft or
24 otherwise, of the value of current talc claims?

25 A. I have not seen any analysis or
307 :1 valuation of the current talc liability.

2 Q. Have you heard that anybody has
3 prepared an estimate, either draft or otherwise,
4 of the value of future talc claims?

5 A. I have not heard of that or seen that.

RYAN, MICHELLE - 01/27/2022

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308 :8 In the ordinary course would J&J be the
9 entity that would cut any settlement check or
10 any check to satisfy a judgment?

11 A. The check would come out of the J&J
12 kind of central account, but the accounting
13 would then drive the costs back to the
14 responsible entity.

15 So in this case, the check may come
16 from a Johnson & Johnson account, but the
17 accounting would push the expense or the -- you
18 know, the cash outflow back to JJCI.

19 Q. It would show it as an expense of JJCI?

20 A. JJCI, yes.

WONG, ARTHUR

WONG, ARTHUR - 02/11/2022

Page 11

11 :5 Do you understand that
6 Johnson & Johnson recently undertook a
7 corporate restructuring that resulted in
8 creating a new company called "Legacy Talc
9 Litigation?" Or LTL?
10 A. Yes.
11 MR. STARNER: Objection --
12 MR. SHAPIRO: And do you
13 understand --
14 MR. STARNER: Objection.

WONG, ARTHUR - 02/11/2022

Page 11

11 :24 Q. And do you understand that
25 Johnson & Johnson then placed LTL into
12 :1 bankruptcy?
2 A. Yes.
3 Q. And did you learn all of that in the
4 course of your duties at Standard and Poor's?
5 A. Yes.

WONG, ARTHUR - 02/11/2022

Page 13

13 :19 Q. Did the company share with you its
20 estimate of the talc liability?
21 MR. STARNER: Objection. Lacks
22 foundation. Speculative.
23 A. No. Not that I can recall, in terms
24 of an updated estimate.
25 Q. And what do you mean when you refer
14 :1 to an updated estimate?
2 A. Well, I guess when they initially
3 announced and proposed this thing, they had an
4 amount that they were going to put in.
5 Though, it was understood by us that it could
6 change, based on further negotiation and what
7 the judge decides.
8 Q. What did the company tell you --
9 well, and when was that conversation when the
10 company discussed with you what its estimate
11 of the potential liability was?
12 MR. STARNER: Objection.
13 Mischaracterizes his testimony.
14 A. Originally, the -- the discussion
15 started back in October, when we took the
16 initial call. And JNJ shared their plans with
17 us for the -- for the process.
18 At that time, we had asked if -- if
19 there was a possibility of if this number
20 could increase. And they said yeah, it can
21 still -- I mean, this was the initial number
22 of the estimate, and it could still increase
23 to what -- you know, it was speculation at
24 that point.
25 We didn't receive any updated
15 :1 estimate since then.

2 Q. What was the company's initial
3 estimate of its talc liability when you had
4 that meeting in October?
5 MR. STARNER: Objection.
6 Mischaracterizes the testimony. Lacks
7 foundation.
8 Go ahead.
9 A. I believe we were looking at -- I
10 guess it's in my notes, that we -- we
11 discussed internally, after our initial call
12 back in October with JNJ.
13 I believe it was -- it was anywhere
14 from \$2 billion to \$5 billion was the original
15 estimate that it could be.
16 Q. I understand. And -- and who from
17 JNJ provided that estimate to you in October?
18 A. The treasurer, Michelle Ryan.

WONG, ARTHUR - 02/11/2022

Page 18

18 :7 Q. Oh. Sorry. Sorry. What is your
8 current role at S&P?
9 A. I'm a Senior Director at S&P. And I
10 serve as the Sector Specialist for the
11 healthcare team.
12 Q. And what are your responsibilities
13 in that role?
14 A. My role is to support the different
15 various healthcare franchises on the
16 healthcare team. Such as pharmaceuticals;
17 healthcare services; medical devices. And I
18 serve as a point person for, I guess, the
19 outreach.

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19 :5 Q. And do you have responsibility for
6 covering Johnson & Johnson?
7 A. Currently as a backup analyst. Yes.
8 Q. And who are you the backup analyst
9 to?
10 A. I'm a backup analyst to the primary.
11 In the case of Johnson & Johnson, it would be
12 David Kaplan.
13 Q. I see. And when did you become the
14 backup analyst for Johnson & Johnson.
15 A. When I took on my new role as the
16 Sector Specialist, I believe back in 2018.
17 Q. I see. So, since 2018, you've been
18 the backup analyst for Johnson & Johnson?
19 A. Yes.
20 Q. And was Mr. Kaplan the primary
21 analyst throughout that whole period? Or was
22 there someone else before Mr. Kaplan?
23 A. No. It was David Kaplan, since
24 then, who has been the primary?
25 Q. And what are your responsibilities
20 :1 as the backup analyst for Johnson & Johnson?
2 A. As the backup analyst, I serve as
3 the point of contact for the company, or for
4 investors, in case David Kaplan is not
5 available.

6 And I attend the management
7 meetings, and will be up to speed on
8 Johnson & Johnson. Although I'm not
9 responsible for day-to-day coverage of it.
10 I'm responsible in terms of being familiar
11 with the credit.

12 Q. And in 2020 and in 2021, who were
13 the people that you communicated with at
14 Johnson & Johnson, in your role as the backup
15 analyst?

16 A. It was mainly with Michelle and
17 Duane.

18 Q. Got it. And that's
19 Duane Van Arsdale?

20 A. Yes.

21 Q. And when you participated in
22 conversations with Michelle Ryan and
23 Duane Van Arsdale, how did you record those
24 conversations?

25 MR. STARNER: Objection.

21 :1 A. Usually, well, through our notes.

2 Q. And when you saw "through our
3 notes," does the company have a note-taking
4 system?

5 A. For S&P? No. It's -- we take our
6 notes -- management meeting notes, we call
7 them. And then we scan them in and file them.

8 Q. And you -- they are called -- did
9 you say they are called "management meeting
10 notes?"

11 A. Yes.

12 Q. And did you take management meeting
13 notes any time you spoke to Michelle Ryan or
14 Duane Van Arsdale?

15 A. Usually, yes.

16 Q. And then you said that you scan them
17 into a system at S&P?

18 A. Yes.

19 Q. And what system is that?

20 A. It's -- we used a box, where we have
21 individual folders for each company. And
22 that's where we filed our -- our notes.

23 Q. Okay. And the practice that you
24 described was the practice that you always
25 followed, in the ordinary course of business,
22 :1 when you spoke to a JNJ representative?

2 A. Yes.

3 Q. And was it your understanding that
4 other analysts within the healthcare group at
5 S&P also followed that practice when they
6 spoke to corporate representatives?

7 A. Yes.

8 MR. STARNER: Objection.

9 Vague.

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23 :20 Q. Okay. Let me -- let me mark as --
21 or let me show you what's been previously
22 marked Exhibit 386. If the videographer could
23 help us with that?

24 Mr. Wong, take your time to
25 scroll through these notes. And then I'll ask
24 :1 you questions about them.

2 A. Okay. Thank you.

3 [Witness perused document.]

4 Q. I'll let you -- you might want to
5 focus your attention -- if you scroll back up,
6 there is a section called "Item 2: Cordoning
7 off of Talc Liabilities -- Strategy on Hold."

8 Let me -- I will represent to
9 you that earlier today, Mr. Kaplan said that
10 these were notes that he prepared in
11 preparation of an internal discussion about
12 these topics.

13 And my question for you is, do
14 you recall participating in an internal
15 meeting where these topics were discussed?

16 A. I do not. Actually, I don't -- I'm
17 thinking I may have missed -- I may have been
18 out on this day for this meeting.

19 Q. Okay. Does the material described
20 in item two refresh your recollection about a
21 conversation with Michelle Ryan, or others at
22 Johnson & Johnson, about the bullet points
23 listed in item two?

24 MR. STARNER: Objection.

25 A. It does. This reminds me -- it's
25:1 similar to the conversation I had with her in
2 October, I believe, when David was out. And
3 this is similar to what we've -- what we've
4 discussed.

5 Q. And which of the items described in
6 item two here, did Ms. Ryan talk to you about
7 in October?

8 MR. STARNER: Objection.

9 A. Let's see. I think pretty much all
10 five points we had chatted about. That this
11 was -- this was what the plan was.

12 Q. And let me ask you, with respect to
13 the fifth bullet point, where Mr. Kaplan's
14 notes describe the objectives of the strategy.
15 Do you see that?

16 A. Yes.

17 Q. Can you tell me what Ms. Ryan said
18 to you about those three points, in
19 particular?

20 MR. STARNER: Objection. Lacks
21 foundation. Calls for speculation. And
22 mischaracterizes testimony.

23 A. I think it's -- I think it properly
24 summarizes what -- I had chatted with her in
25 October. I took some notes from the October

26
26:1 discussion. So I think these points were
2 reflected in my notes as well.

3 Q. Okay. And I think we'll come to
4 those notes. But just so that the record is
5 clear, did she explain to you that the company

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27 :25 Q. Got it. And did Ms. Ryan describe
28 :1 to you, in that October meeting, that the
2 company's talc strategy would reduce the
3 exposure for punitive damages?

4 MR. STARNER: Objection.

5 A. That, I -- that, I don't recall. I

6 mean, I -- it was -- it was understood that it
7 was to limit the total number of damage --
8 amount of damages, and the amount that JNJ
9 could be exposed to.

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30 :2 Q. So let me show you what's been
3 previously marked as Exhibit 388.
4 [Witness perused document.]
5 Q. Mr. Wong, if you look at the first
6 calendar invite, it refers to an
7 October 14th meeting with Michelle Ryan.
8 Do you see that?
9 A. Yes.
10 Q. And is that the meeting you're
11 recalling, where Ms. Ryan provided you with
12 the \$2 billion to \$5 billion estimate?
13 A. Yes.

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31 :21 Q. And if we turn to the next email,
22 which I guess is not a calendar invite, but
23 it's next in time, it's an email from you, at
24 5:27 p.m., to your team.
25 Do you want to scroll to that?
32 :1 It's the document Bates stamped "692" at the
2 bottom. And you write:
3 "Hi everyone,
4 We had an update call with JNJ
5 this morning on the talc
6 litigation/settlement.
7 Below are the links to the
8 discussion notes/recommendation and the latest
9 projections."
10 Do you see that?
11 A. Yes.
12 Q. And does the first link refer, or
13 link to your notes of the meeting with
14 Michelle Ryan?
15 A. I believe the second one does.
16 Q. The second one does.
17 A. Yes.
18 Q. Okay. And what does the first link
19 refer to?
20 A. I believe that's the memo I created
21 from the notes, just to summarize the points
22 and to share with everyone where we last left
23 off in terms of our thinking on JNJ's rating.
24 And how does this move -- may
25 potentially affect the ratings.
33 :1 Q. Okay.
2 A. And how --
3 Q. And I'm going to show you some notes
4 that we received. And I'm going to ask you
5 whether those documents are the notes or memo
6 that these links relate to. And I'll do that
7 in a few moments.
8 But, before I do that, the
9 links on this -- in this email, in
10 Exhibit 388 -- the links to the notes and the

11 memo, are those examples of the notes that you
12 would prepare in the ordinary course of your
13 work at Standard and Poor's, and then maintain
14 in the box system, as you described at the
15 beginning of the deposition?

16 A. You mean, are these notes like
17 examples of what we keep in our box?

18 Q. Yes.

19 A. Yes.

20 Q. And the notes that you made of your
21 conversation with Michelle Ryan are the kinds
22 of notes that you make with corporate
23 representatives in the ordinary course of your
24 work at Standard and Poor's. Correct?

25 A. Yes.

34 :1 Q. And the same is true of the memo?

2 A. Yes. That memo would document our
3 internal discussions, in terms of what we were
4 trying to decide what to do with the rating or
5 outlook -- if we do, in fact, do something
6 with the rating or outlook.

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34 :22 Q. Let me show you what we've
23 previously marked as Exhibit 389.

24 [Witness perused document.]

25 Q. Tell me when you've had a chance to
35 :1 look at all of it, Mr. Wong.

2 A. Oh, I'm sorry. I wasn't sure if you
3 were waiting for me to -- yeah. I created
4 this document. That's the link to -- this is
5 one of the documents that was in the -- that
6 was linked to -- for our internal discussion.

7 Q. Got it. And which of the two
8 documents is this? Is this your notes of the
9 meeting? Or the memo you created from your
10 notes of the meeting?

11 A. This is the memo I created from the
12 notes of the meeting. And this is my -- my
13 summary of the discussion. And then my
14 summary of the background of -- of where we
15 see Johnson & Johnson's rating and outlook.

16 Q. Okay.

17 A. And then I make a recommendation as
18 to the internal group, what I felt we would --
19 how -- how our reaction would be, in terms of
20 from a ratings and outlook perspective.

21 Q. And did you create this on
22 October 14th?

23 A. Yes.

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36 :1 Q. Okay. You created this soon after
2 your meeting with Michelle Ryan. Correct?

3 A. Yes. Yes. And the time since the
4 discussion with Michelle, and the actual
5 meeting -- internal meeting. This is when I
6 created this.

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39 :1 Q. Got it. Okay. And at the bottom of
2 the page, you wrote -- LTL:
3 "JNJ to commit to funding LTL
4 additional monies when ultimate litigation
5 amount is decided by Federal Court, roughly
6 six to 12 months, estimating roughly
7 \$5 billion in total (so another \$3 billion in
8 funding?)"

9 Do you see that?

10 A. Yes.

11 Q. And that reflects what Michelle Ryan
12 explained to you?

13 A. Yes. That was just --

14 MR. STARNER: Objection.

15 THE WITNESS: Sorry.

16 MR. STARNER: Okay.

17 THE WITNESS: Yeah. That was

18 just from the conversation with her.

19 Because when we initially discussed the
20 \$2 billion, our follow-up question was,
21 could this go higher.

22 And that was just a number that was
23 put out there in our discussion. So we
24 included it in our discussion.

25 BY MR. SHAPIRO:

40 :1 Q. And Ms. Ryan explained to you that
2 Johnson & Johnson thought that they could
3 resolve the talc liabilities in the Bankruptcy
4 Court within six to 12 months?

5 MR. STARNER: Objection.

6 A. Yes. If this was approved by the
7 judge.

8 Q. And she explained to you that their
9 current estimate was \$5 billion in total?

10 MR. STARNER: Objection.

11 A. She -- yeah. I mean, that was the
12 amount that it could -- she was just trying to
13 give us an idea of how much further it can go
14 up.

15 Q. From the \$2 billion?

16 A. Right.

17 Q. Got it. I will ask the court
18 reporter to show you a document that's been
19 previously marked "390."

20 A. Right. This is the -- these are my
21 notes from the discussion with her.

22 Q. Okay. So these are the notes that
23 you literally made while you were talking to
24 her?

25 A. Yes.

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47 :8 Q. Okay. And you were asked some
9 questions about estimates and initial numbers.
10 I just want to make sure that the record's
11 clear.

12 In your discussions with
13 Johnson & Johnson in this period of time, the

14 estimates related to talc liability was in the
15 context of resolving the talc liability and
16 the bankruptcy. Right?

17 A. Right. Right. That number would
18 be -- if that was agreed upon, that would be
19 the number in the vehicle, which would be --
20 which would go into bankruptcy.

21 But that would be the amount that
22 was -- that would have been negotiated, and be
23 the total -- the ultimate settlement.

24 Q. You weren't discussing any estimates
25 with Johnson & Johnson about the cost of
48 :1 litigating the talc claims outside of
2 bankruptcy, at this point in time; were you?

3 A. No.

4 Q. Okay. And the discussion around the
5 2 billion-dollar number. Did you understand
6 that that was an amount of money that
7 Johnson & Johnson had -- had agreed to
8 initially fund as part of the bankruptcy
9 process?

10 A. Yes. My understanding was, that was
11 the amount that was going to be in the
12 proposal.

13 Q. But you understood that was an
14 initial amount. Correct?

15 A. Right. Right. Initial amount which
16 then would be negotiated upon.

17 Q. And you understand any ultimate
18 settlement or resolution of the talc claims in
19 bankruptcy would be a product of negotiations?

20 Is that right?

21 A. Right.

22 Q. And the Court would ultimately have
23 to sign off any ultimate settlement in
24 bankruptcy. Is that right?

25 A. Right.

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50 :24 In your conversations with JNJ
25 in this period of time, they were -- they were
51 :1 relaying to you an estimate of what they
2 thought it would potentially take to settle
3 talc litigation in the bankruptcy. Right?

4 A. Correct.

5 Q. And at no point in time were you,
6 you know, talking to the company about any
7 estimate about what it would, you know,
8 potentially cost to litigate all these claims
9 out of bankruptcy. Right?

10 A. No. No. There wasn't any estimate
11 that was talked about. But that would be one
12 of the savings of going through with this
13 process as well.

14 Q. Right. You would avoid what could
15 potentially be a significantly higher risk of
16 litigating these cases outside of bankruptcy.
17 That's one of the benefits. Right?

18 A. Right. Right.

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51 :21 You've done some work in this
22 space about, you know, estimating what
23 potentially could be, you know, the cost of
24 talc liability and litigating talc claims.
25 Right?

52 :1 A. We have an idea that it could be
2 significant to defend all these cases. Just
3 being familiar with other litigation that
4 happens in the industry.

5 So while we didn't talk about a
6 specific number, we do understand that, you
7 know, even if -- even if a company wins, the
8 cost of litigation is -- could be significant.

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55 :16 Q. Okay. And there is a reference
17 there to a number of claims and time period
18 involved. What was your understanding of
19 what -- well, strike that.

20 What were you referring to
21 there, when you say "number of claims and time
22 period involved?"

23 A. It's -- I guess the number of claims
24 was just looking at the schedule of upcoming
25 trials. And that -- and that there could be
56 :1 just a number of claimants that were -- that
2 were growing.

3 And, also, looking at how -- I guess
4 the protracted process of going through them,
5 you know, individually. That this was going
6 to stretch out over a long period.

7 That's -- that's why it made more
8 sense, from a pragmatic standpoint, to do
9 this -- this -- this process.

10 Q. And you understood there was tens of
11 thousands of plaintiffs in claims, that were
12 currently pending against JNJ? Is that right?

13 A. Right.

14 Q. And you understood it would
15 potentially take, you know, an extremely long
16 period of time to litigate all those claims in
17 court?

18 A. Right. That's the understanding as
19 to just having that negative headline and
20 negative -- the uncertainty continue to be --
21 to stretch out over years for
22 Johnson & Johnson.

23 Q. And you understand that's one of the
24 reasons why Johnson & Johnson pursued this
25 restructuring, and ultimately put this
57 :1 subsidiary into bankruptcy? Is that
2 consistent with your understanding?

3 A. Right. That's -- that this choice
4 was, I guess -- again, a pragmatic choice.

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57 :17 Q. So, Mr. Wong, if you look at this
18 first page here, this is something entitled,
19 "The Unpredictable Cost of Latent
20 Catastrophes." Do you see that?
21 A. Right.

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58 :8 And you see the primary credit;
9 you see Patricia Kwan? Do you see that name?
10 A. Oh, yes. I'm sorry. This is from a
11 while back. Sorry.
12 Q. Okay. And do you see your name
13 there as secondary contacts? You see your
14 name listed there?
15 A. Right.
16 Q. Okay. Do you recognize this
17 document now?
18 A. I do. Can't say I'm up-to-date on

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58 :20 Q. Okay. Generally, what's your --
21 what's your understanding of kind of what this
22 document is?
23 A. I believe it's a document that talks
24 about litigation in general. If I remember
25 correctly, I was contacted just to talk about
59 :1 just large litigations that we have come
2 across.

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59 :22 Q. And just to be -- and just so that
23 we orient -- orient ourselves, do you recall
24 when this publication was released by S&P?
25 A. I believe two or three years ago.

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60 :12 Q. Okay. If you look at the very top
13 of the document, Mr. Wong, you'll see a date.
14 Maybe we can take a look at that and see if
15 that's consistent with your understanding.
16 A. All the way at the beginning? Yeah.
17 Okay. I'll just go.
18 Q. Do you see --
19 A. Yes.
20 Q. Is it June 3rd 2019? Do you see
21 that?
22 A. Yes.
23 Q. Okay. Is that consistent with your
24 recollection of when this was published?
25 A. Yes. I mean, I know it was -- at
61 :1 least a couple years ago.
2 Q. Okay. And is this something that
3 S&P, you know, does, kind of in the ordinary
4 course? They publish articles like this?
5 A. Yeah. We do. When we think

6 there's -- there's a credit story to talk
7 about.

8 Q. And is this kind of like a research
9 report you issued to the market, to, you know,
10 talk about relevant, you know, credit issues?

11 A. Yes.

12 Q. Okay. How often would you say that
13 you've been involved with publishing a report
14 like this?

15 A. Since I started with S&P, 23 years
16 ago.

17 Q. Sure. Is that a lot? Is that what
18 you can tell me?

19 A. Yeah. I mean, when we feel like we
20 have something to say, we go out there with
21 these -- we would call them commentaries.

22 Q. Yeah. I just want to confirm that
23 this type of commentary is something that's
24 fairly typical when it's done in the ordinary
25 course.

62 :1 Is that fair?

2 A. Yes.

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63 :15 Q. Okay. Do you know who -- this
16 entity called "Praedicat?" I mean, have you
17 heard of them?

18 A. I -- I don't recall, actually.

19 Q. Okay. Were you aware that S&P had,
20 you know, engaged with a kind of data
21 analytics company to look at, you know,
22 potential losses associated with talc
23 litigation?

24 A. No, I wasn't.

25 Q. Okay. Do you recall being aware
64 :1 that they had done some work, and, you know,
2 applied certain scenarios in estimating
3 potential damages associated with talc
4 litigation?

5 A. No.

6 Q. Okay. And looking at, you know,
7 their kind of estimate of, you know, a damages
8 scenario, that could potentially result in,
9 you know, \$84 billion of exposure.

10 Is that something that you were
11 aware that, you know, Ms. Kwan had, you know,
12 helped -- you know, had pulled together and
13 included in this commentary?

14 A. You know, I don't remember.

15 Q. Okay. But this is something you
16 would -- again, this is something that S&P,
17 you know, publishes to the market on a kind of
18 regular basis. And so, they are very --
19 regular basis. Right?

20 A. Yeah. This is -- yeah. We would
21 do -- again, we would do commentaries on a
22 regular basis, when there is -- when we
23 believe there is, I guess, a demand for it.

24 So, the amount that you're referring
25 to -- \$84 billion -- I mean, it's -- it's
65 :1 speculative, in terms of the amount. But
2 compared to prior litigations, it's not -- I
3 mean, it's a large amount, but it's not

4 something that, you know, just goes to the
5 unpredictability of the -- of the process.

6 Q. So you're saying that the estimate
7 of potential damage in the amount of
8 \$84 billion just reflects how, you know,
9 uncertain the talc litigation could be, going
10 forward, if you litigated it?

11 Is that what you're -- is that
12 fair?

13 A. Yeah. I think that's fair. I mean,
14 again, we understand each litigation and the
15 merits of the litigation are different. But,
16 no one has seen numbers like this with other
17 litigation.

18 Q. And when S&P would put out a
19 commentary like this, they would certainly
20 ensure to make sure that what they are
21 including in the commentary, you know, is kind
22 of accurate and fairly represents the correct
23 information. Right?

24 A. Right. I mean, it just gives -- it
25 gives some perspective as to how -- to the
66 :1 readers. Gives some perspective as to how
2 high some of these numbers can get with
3 litigation, and how unpredictable it could be.

4 Which is what we're trying to write
5 about. It's just the uncertainty, from a
6 credit perspective.

7 Q. And from that perspective, do you
8 understand the \$84 billion to be, you know,
9 kind of a worst case scenario, or something
10 that is, you know, a potential -- while maybe
11 not as likely, but still a potential risk in
12 connection with the talc litigation?

13 A. Right. That's why we had published
14 that -- went out with this number.

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67 :3 Q. First, S&P didn't change
4 Johnson & Johnson's Triple A rating after
5 publishing this article. Correct?

6 A. No. We didn't change the -- the
7 rating. It still remained Triple A.

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71 :14 Q. So, Mr. Wong, take a look at this.
15 This is an email dated October 18th 2021.
16 We've marked it as Exhibit 404. And it's
17 Bates stamped "SPGI759_001" through "002."

18 And if you scroll down to the
19 second email, you'll see an email from you to
20 Ms. Ryan and Mr. Van Arsdale, on
21 October 15th?

22 And if you take a look at that,
23 in your email, you say:

24 "Just a quick
25 question/clarification. What if the Federal
72 :1 Court comes back with a really high settlement
2 number? Can JNJ back out?"

3 Do you see that?

4 A. Yes.

5 Q. Okay. Let's scroll up, if you
6 would? And this is Mr. Van Arsdale, from
7 Johnson & Johnson, responding to your email.
8 Do you see that?

9 A. Right.

10 Q. Okay. And he says:

11 "Hi Arthur,

12 To your question below, the
13 ultimate determination of the value of the
14 trust will be resolved via negotiations
15 between the parties or an estimation before
16 the Bankruptcy Court.

17 The parties have the ability to
18 appeal any bankruptcy plan, including values
19 to the District Court, so JNJ can't back out
20 of the bankruptcy process for this reason, but
21 has the ability to influence its outcome in a
22 more reasonable manner."

23 Do you see that?

24 A. Right.

25 Q. So you understood that
73 :1 Johnson & Johnson could not back out?

2 A. Yeah. I apologize. I got the
3 timing and understanding incorrect.

4 Q. That's okay. We've got lots of
5 documents. That's all good.

6 A. Right.

7 Q. So does this accurately reflect kind
8 of what Johnson & Johnson's response to your
9 question was, as to whether or not they could,
10 you know, back out of the bankruptcy process?

11 A. Right. No, I think it clarified for
12 us that -- I think for us, that it was trying
13 to understand if a number came back, was that
14 final. And JNJ would just have to accept that
15 much higher number than what was -- you know,
16 what JNJ originally thought it would look to
17 settle for.

18 Q. So you understood that
19 notwithstanding, you know, the kind of general
20 estimate we talked about earlier for
21 settlement and bankruptcy, the ultimate
22 settlement number is still to be determined,
23 and it will be subject to the process in the
24 bankruptcy court. Right?

25 A. Right.

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76 :20 Do you have any knowledge of
21 what JNJ told the S&P group was JNJ's
22 projections of the amount of money that it
23 would take to resolve JNJ's current and future
24 talc cases, before the bankruptcy filing?

25 MR. STARNER: Objection.

77 :1 A. No. I don't -- I don't believe I --
2 we have anything in our -- we've been given
3 any upper amount, in terms of how much it
4 would ultimately cost.

WUESTHOFF, ROBERT

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7 :18 reporter will now swear in the witness.
19 ROBERT WUESTHOFF,
20 called as a witness, and having been first duly
21 sworn, was examined and testified as follows:

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17 :8 Q: Okay. When said -- I think you said
9 then -- after the Enterprise Acceleration, you
10 said then this assignment. When you say 'this
11 assignment,' what do you mean by that?
12 A: It's probably not the right
13 characterization, but this opportunity, this role
14 was presented to me and -- and then I accepted
15 it.
16 Q: And when you say 'this role,' what do
17 you mean by that?
18 A: The role of being president of LTL.
19 Q: Okay.
20 A: And president of Royalty A&M.
21 Q: Okay. And when were you first
22 approached to take those roles?
23 A: Late September. I believe September
24 28th.
25 Q: And who approached you -- let's just
18 :1 back up.
2 Up until September 28th, you were
3 more or less happily doing your Enterprise
4 Acceleration job?
5 A: Yeah. I was -- I was doing it. I
6 think doing a good job at it. Yes, that's
7 correct.
8 Q: Okay. Okay. I'm sure you were.
9 And then on September 28, who
10 approached you about this new role?
11 A: Michael Ullmann.
12 Q: Okay. And who was he?
13 A: He is the -- I guess you call it the
14 general counsel for Johnson & Johnson.
15 Q: Okay. And that first conversation
16 you had with him, can you describe that
17 conversation for me?

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18 :25 THE WITNESS: Yep.
19 :1 My understanding was that they
2 were -- they -- Michael was interested in, I
3 guess, the company -- in me as -- to take on this
4 role as president of LTL and also a company
5 called -- a subsidiary of Royalty A&M, which
6 would be associated with LTL.
7 BY MR. JONAS:
8 Q: And then that initial conversation on
9 September 28th, was that just you and
10 Mr. Ullmann?

11 A: No. Erik Haas was always present on
12 the call.
13 Q: And who is he?
14 A: He's also a senior attorney with
15 Johnson & Johnson.

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20 :13 Q: Okay. And did they -- did you ask --
14 well, how long was that conversation?
15 A: Roughly, half an hour.

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21 :2 And what did they tell you the
3 business of LTL would be?
4 A: The business of LTL would be to
5 oversee and -- and help resolve the talc cases
6 that were sitting in what's referred to as old
7 JJCI.
8 Q: Okay. And was there any further
9 discussion about what the business of LTL would
10 be?
11 A: Other than the RAM subsidiary, which
12 is a Royalty monetization business.
13 Q: Uh-huh.
14 A: And that's the other role that I have
15 as president of both. And the Royalty
16 monetization business or RAM is to grow that
17 business.
18 Q: Okay. And do you know why they
19 approached you to take on this role?
20 A: I asked that question. And the
21 answer I got back was, you know, your name was
22 recommended by a number of people, so we're
23 coming to you to ask you if you're interested.

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22 :3 And just so we can frame this up, on
4 what date did you leave your position at the
5 Enterprise Acceleration unit, whatever job, and
6 take on a formal -- another formal job?
7 A: I verbally accepted the new role
8 approximately Wednesday. I think it was
9 October 6th.
10 Q: Okay.
11 A: And then written confirmation was a
12 couple days later.

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26 :17 Q: Okay. And let me ask you: Prior
18 to -- to that date, what had been your
19 involvement at J&J or any of its entities or
20 subsidiaries relating to talc?
21 A: Really -- really none.
22 Q: Okay.
23 A: You know, being in the supply chain,

24 you know, I -- I had operations that manufactured
25 the talc. But other than that, that's the extent
27 :1 of my involvement.
2 Q: Okay. Were you -- had you been --
3 prior to September 28th, were you familiar with
4 the -- the various talc litigations against J&J
5 that was going on?
6 A: Only in very general high-level terms
7 and from what the company would disseminate
8 globally to all the employees. That's all that I
9 was aware of.

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28 :2 Q: Okay. So -- well, let me ask you:
3 Do you -- without telling me the substance of it,
4 do you recall whether there was any discussion
5 about the magnitude of J&J or any of its related
6 entities about the talc liability?
7 A: No. No.
8 Q: Okay. So -- just so I understand,
9 they asked you to become president of a company
10 that would address J&J's talc liabilities,
11 correct?
12 A: Correct.
13 Q: And you didn't ask what the amount of
14 those liabilities was?
15 A: I had a general understanding that
16 there were a lot.
17 Q: Okay. And when you say you had a
18 general understanding and you used the word 'a
19 lot,' can you be more specific?
20 A: In terms of the number of claims,
21 that there were a lot of claims.
22 Q: Okay. Do you have -- do you have any
23 understanding as to what the magnitude of those
24 claims might be?
25 A: Not at that time, no.

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29 :25 Q: So what did the -- in those first
30 :1 conversations, what did they tell you the assets
2 of L -- these new entities that you were going to
3 be president of, LTA -- LTL, excuse me -- what
4 did they tell you the assets were going to be?
5 MS. BROWN: And, again, Mr.
6 Wuesthoff, you can answer to your understanding
7 to the extent that doesn't involve advice of
8 counsel.
9 THE WITNESS: I didn't get an
10 understanding of the assets until much later in
11 the process.

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34 :11 Q: Okay. Okay. Had you ever done any
12 work at all in your career in connection with
13 managing litigation liabilities?
14 A: Not directly. I've been exposed to
15 them in my career, but I've never managed them

16 directly.
17 Q: Did you think it was strange they
18 were asking you to take on a role to manage talc
19 liabilities?

20 A: I didn't, as president, given that I
21 would have a chief legal officer to handle. And
22 my board and myself, we delegated to my chief --
23 our chief legal officer to devise and implement
24 that plan. So I'm overseeing it, staying in
25 touch with it, but I was fine with that as a
35 :1 president.

2 Q: Okay. So let's just back up, because
3 you've mentioned a couple things here.
4 When you first met with Mr. Ullmann
5 or the second meeting you had with Mr. Haas, did
6 you discuss who else would be employed or work in
7 some capacity at either of those new entities?

8 A: Yes. They told me I would have a
9 chief legal officer; there would be -- and there
10 would be a chief financial officer.

11 Q: And who -- did they tell you who that

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35 :22 Q: Okay. Okay. And in either of those
23 first two conversations, did -- was there any
24 discussion about the bankruptcy of LTL?

25 A: It was -- my understanding was that
36 :1 bankruptcy would be an option to pursue.

2 Q: Okay. And -- and other than that,
3 what you just described, was there any further
4 discussion about bankruptcy in those first two
5 conversations?

6 A: No.

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39 :24 Q: Let me -- I just want to see if I've
25 got this right. On the initial meeting on
40 :1 September 28th, which I think you said was about
2 30 minutes, you then had a conversation with
3 Mr. Haas, which was probably less than
4 30 minutes. You then had another conversation
5 with Mr. Ullmann, which was probably about
6 15 minutes.

7 Those were the sum and substance of
8 the discussions you had with anyone at J&J before
9 verbally accepting the LTL presidency on
10 October 8th?

11 A: That's correct.

12 Q: Okay.

13 A: By the way, just to correct, I
14 don't -- I don't know how long the conversation
15 with Erik was. It wasn't five minutes. It was
16 probably 20 to 30 minutes, but --

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41 :20 Q: Okay. And as best you can recall,
21 what did you think the pros and cons were of
22 taking the job?

23 A: The con would be some of the unknown,
24 that -- you know, that's uncertain with any new
25 role, particularly a new role with a new
42 :1 position. But just to put that out there. I
2 coach a lot of people and I do it to myself. You
3 know, it's okay to get out of your comfort zone.
4 That's the way to grow. And I'd decided, you
5 know what? I'm not too late in my career to grow
6 and learn; so, yes, so I -- I said fine with
7 that.
8 What -- what -- what, frankly,
9 intrigued me about the role a lot was growing the
10 RAM business.
11 Q: Okay. And what intrigued you about
12 that?
13 A: Being in more of a commercial
14 business development role. I've never had one
15 directly. I've supported them. I've been part
16 of senior management teams. I've been charged
17 with growth of a company. But actually growing
18 it with a team myself, with a CFO, a chief legal
19 officer and grow that business, I found that to
20 be very interesting.

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50 :13 Q: Okay. So as far as you know -- and I
14 appreciate you may need to check with others --
15 but as far as you know, there's no LTL office, an
16 LTL desk, LTL filing cabinet or any other owned
17 office materials by LTL?
18 A: Correct. And that's consistent with
19 how J&J operates.

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53 :19 Q: When did you come -- when did you
20 reach the conclusion as president of this entity
21 that it was going to have to file bankruptcy?
22 A: We voted and confirmed that on our
23 board meeting on Thursday the 14th.

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57 :6 Had you had any experience with
7 Chapter 11 bankruptcy prior to this?
8 A: No, not directly.
9 Q: Okay. And so you've told me you
10 did -- you were brought up to speed on the talc
11 liability. I take it there were some materials
12 provided to you in that record?
13 A: Material that was reviewed with me.
14 I don't know if I actually physically got the
15 material.
16 Q: Well, did you -- did you -- prior to
17 that board meeting on the 14th, did you -- did
18 you get any written material at all relating to
19 LTL or the talc liability or the bankruptcy or
20 anything like that?
21 A: I don't recall specifically on those
22 topics.

23 Q: Okay.
24 A: The materials were around the
25 divisional merger, the services agreements, the
58 :1 funding agreements, the second amended
2 agreements. That was mostly the written
3 materials.
4 Q: And we'll talk about those things
5 later. So thank you.
6 Okay. So were you provided with --
7 strike that.
8 Were you provided with any written
9 analysis relating to whether or not LTL should
10 file bankruptcy?
11 A: No.
12 Q: Okay. And so what analysis did you
13 do that helped you reach the conclusion that LTL
14 should file bankruptcy?
15 A: Yeah. What I -- what I did, and,
16 frankly, it was a pretty common sense call. I
17 looked at the fact that there -- there
18 were roughly 38,000 outstanding cases that was
19 growing rapidly. In fact, there were 12,000 --
20 that included 12,000 that were added just this
21 year through October. We had -- again, based on
22 the safety of our talc, we had won most of the
23 judgments.
24 There was one judgment, the Ingham
25 case, which was just an exorbitant judgment, over
59 :1 \$4 billion. And moving forward, there would
2 continue to be, really, this -- the wave of
3 litigation. It seemed obvious it was going to
4 continue, and one reason is this 60-year latency
5 of some of these cancers. So the volume of
6 current and future claims was really
7 overwhelming.
8 And with processing, roughly, you
9 know, one a month, we didn't see any way to
10 equitably and efficiently resolve these cases if
11 the status quo stayed as it was. Just the
12 mathematics, it would take thousands of years at
13 12, even 24 cases a year to settle these.
14 So moving it into a structured
15 bankruptcy, you know, funded by a trust seemed
16 like the obvious way to equitably and efficiently
17 resolve these claims for all claimants and
18 stakeholders.

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61 :18 Q: Okay. And let me ask you: Why --
19 was there a sense of urgency to file bankruptcy?
20 A: No. The only -- no, there wasn't.
21 There was not. But the -- I mean, to me, because
22 it was such an obvious next move, why would we
23 wait? Why deliberate any further with something
24 that was -- it was so commonsensical, and then
25 delay, you know, revolving these claims. That
62 :1 doesn't make sense to me. So, no, there was no
2 pressing matter, but why not just move on?
3 Q: Well -- and you felt that you had
4 enough time -- between the formation of LTL on
5 the 12th and the 14th, you felt there was enough
6 time to do all the analysis necessary to make an
7 informed decision that LTL had to file

8 bankruptcy?
9 A: Well, again, the background
10 information that we were provided was worked on
11 for quite some time by many people. It wasn't
12 just us in one week. There was -- the
13 information we were presented was -- had been
14 gathered up over -- I don't even know how long.
15 So assuming the information is factual and where
16 I -- well, the board assumed that everybody at
17 J&J is super high integrity, there's no reason to
18 not believe the information. Again, it just
19 seemed like such an obvious choice, because the
20 status quo is that that would be a way to settle
21 these cases. It put old JCCI in financial
22 distress, which put LTL in financial distress.
23 So the only way to resolve, in our view -- and
24 then, again, we thought it was a pretty
25 straightforward decision -- was to file for
63 :1 bankruptcy.

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63 :4 So, in fact, working on a new entity
5 and it's filing bankruptcy, I think you said that
6 work was being done at J&J for weeks and
7 months -- let me finish my question, please.
8 A: I'm sorry.
9 Q: That's okay.
10 That work was being done at J&J weeks
11 and months before you were approached to even
12 take this job, right?
13 MS. BROWN: I object. Misstates
14 testimony.
15 THE WITNESS: No. I -- I probably
16 miss -- well, I either -- I misstated or I'll
17 correct.
18 The background information of the
19 number of cases that were present and building
20 the information around the -- the -- the
21 judgments to date and the dollar amounts, the
22 expenses paid to date and then projecting
23 forward, anybody with common sense could project
24 forward there's such volatility and such
25 uncertainty, cases growing by the thousands, how
64 :1 could we possibly stay the course and resolve
2 these in any equitable or efficient way?
3 So whatever work was done prior to
4 LTL being formed, I can't comment to that. I
5 wasn't part of that.

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65 :22 Did anybody provide you with specific
23 analysis relating to how a bankruptcy of LTL
24 would work?
25 A: Other than -- and this was, I
66 :1 believe, verbal.

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66 :8 My understanding was that a trust

9 would be formed. J&J and JJCI would contribute
10 to that trust. And that trust is what would be
11 used by the bankruptcy court to -- to settle the
12 current and future cases.

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67 :8 Did you -- as president of LTL, did
9 you think it was important that LTL have legal
10 counsel?
11 A: Yes. And legal -- legal counsel was
12 provided.
13 Q: Okay. When you say 'was provided,'
14 what do you mean by that?
15 A: Jones Day was -- was assigned to LTL
16 to be our counsel -- outside counsel.
17 Q: By whom?
18 A: I don't know.

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68 :8 Q: Okay. And you don't know who made
9 the decision that LTL would retain Jones Day?
10 A: I do not.
11 Q: Okay. Do you know if when -- when
12 LTL retained Jones Day, do you know if Jones Day
13 was also representing other Johnson & Johnson
14 entities?
15 A: I don't know that answer.

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69 :24 Okay. So do you remember the time
25 that that meeting started on the 14th?
70 :1 A: The -- not exactly. It was either
2 11:30 or 12:30. It might have been 12- -- I
3 don't know. It was a 90-minute meeting.
4 Q: The whole meeting lasted 90 minutes?
5 A: Yes. Give or take a few minutes.
6 Q: And can you -- the best you can, can
7 you describe for me what happened at that
8 meeting?
9 A: We recapped and reviewed the
10 restructuring. So we were, you know, all
11 refamiliarized with that. We reviewed the talc
12 liabilities and the history of the talc claims.
13 We talked about our new company and, you know,
14 protocols of a new company and how a new company
15 needs to operate. We talked about the options to
16 resolve the claims and had a discussion there,
17 and then we voted on the resolution.

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70 :22 Q: So tell me more particularly, what
23 was the nature of that review?
24 A: It was sort of a recap -- and sorry
25 to be redundant, but the 38,000 cases, 12,000 new
71 :1 this year alone, the prospect of that will

2 continue to grow, potentially, exponentially; the
3 fact there's a 60-year latency period, which
4 means in normal course of events, this would
5 easily run through the decade. And, again -- and
6 by the way -- I'm sorry. I don't mean to say by
7 the way.

8 And then, you know, we -- based on
9 the safety of our product, we prevailed in many
10 of the cases; but exorbitant judgements such as
11 the Ingham case were there and certainly could be
12 there in the future. That uncertainty. So
13 that's the sort of information we reviewed.

14 Q: Uh-huh. Okay. And let me ask you
15 more particularly: Did you review the amounts
16 that J&J or any J&J entities had paid
17 historically on talc claims?

18 A: Yes. That was -- that was part of
19 the discussion. So in defense of the talc
20 claims, roughly a billion dollars and in
21 judgments, roughly three and a half billion in
22 total; so close to four and a half, five billion
23 in total spent.

24 Q: And that would include the Ingham
25 payment we talked about?

72 :1 A: Correct.

2 Q: Okay. And was there any discussion
3 about any sort of estimates or projections of
4 future talc liability?

5 A: We didn't do any mathematical
6 exercise, but just based on the -- the number of
7 cases and over a short period of time and the
8 volatile nature of the judgments, if that
9 continued in any sort of a similar pattern, the
10 expenses and costs would grow exponentially. We
11 would never get at solving these claims for many
12 of the claimants. It just wouldn't physically be
13 possible.

14 Q: Uh-huh. But there was absolutely --
15 you don't recall at all, absolutely, any
16 discussion about future -- strike that -- an
17 estimate of what the future claim amounts might
18 be that would have to be paid?

19 A: No. Other than the fact that if they
20 continued at this rate, it could be an exorbitant
21 dollar figure. But other than that, we didn't do
22 any numerical analysis.

23 Q: And in light of what you just said,
24 were you concerned that you would become
25 president of an entity that would take on these
73 :1 liabilities?

2 A: Yes. Of course concerned, but not
3 worried because the funding agreement is there as
4 an asset for LTL to resolve these cases.

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74 :6 Q: Okay. And what were the -- other
7 than bankruptcy, what were the options you
8 discussed to resolve the claim?

9 A: Well, the main option was to stay the
10 course; you know, just continue to litigate or
11 to -- just, you know, address one -- one case at
12 a time. You know, to stay the course. So the
13 status quo was -- was, frankly, the main

14 alternative. We briefly discussed an insurance
15 option, and that was quite brief, because it
16 just -- that just doesn't -- there's no way that
17 that pencils and insurance companies would --
18 would cover any sort of liability moving forward
19 in anything that would be close to affordable.
20 So that really was discounted quickly.
21 So it really came down to the status
22 quo versus filing for bankruptcy and dissolving
23 this to a trust. And, again, it came back to we
24 thought that was the most equitable and efficient
25 way to resolve these claims.

75 :1 Q: And when you say -- you used two
2 words. I want to break it down. You said
3 'equitable' and 'efficient.'
4 Can you tell me your understanding of
5 why it was efficient for bankruptcy to be used to
6 resolve these claims?

7 A: Yeah. You know, efficient is a broad
8 term. But there are lots of resources being
9 expended, not just by old JJCI and now LTL, but
10 by courtrooms; time spent researching, time
11 spent -- attorneys all over the place. It's just
12 very -- you know, just very -- that's one piece
13 of efficient.

14 The other piece of efficient is how
15 do you process the number of current and future
16 claims in any sort of a way -- one at a time or
17 two at a time or in the case of Ingham, 22 at a
18 time -- when you've got 38,000 and building?
19 There's just no efficient way to do that in our
20 view.

21 And a bankruptcy court handling this,
22 it wouldn't be efficient any other way. You
23 couldn't get through them. And it certainly
24 wouldn't be equitable, because there would be
25 many claims you could never get to.

76 :1 Q: And when you use the -- you said the
2 word 'equitable.' What do you mean by that?

3 A: I guess what I mean by equitable is
4 many -- well, the cases that have been tried to
5 date, many claimants getting nothing and a few
6 getting an exorbitant award, I don't think -- we
7 don't view that as equitable. But when you've
8 got so many claims to process, again, 38,000 and
9 growing, there'd be no way to address many of
10 those, and that certainly wouldn't be equitable.
11 Now, having said all of that, we
12 don't believe the claims had merit, but I know
13 there's another -- there's a counter view to
14 that, which is why we're talking. But we just
15 don't see the claimants can be equitably treated
16 if we were to stay the status quo.

17 Q: So are you telling me, at least in
18 part, the LTL bankruptcy was -- one of the
19 considerations was to treat claimants equitably;
20 it was for their benefit? Is that what you're
21 saying?

22 A: We looked at all stakeholders
23 benefitting from this, not just claimants, not
24 just LTL, not just others. It's just -- it would
25 benefit all -- all parties. Yes, it would be
77 :1 more equitable to the claimant. Yes, we believe
2 that.

3 But the real reason we filed for

4 bankruptcy is looking at the voluminous amount of
5 cases, how they're growing, the lottery size
6 awards, put us in -- old JJCI in financial
7 distress because of the volatility in moving
8 forward, and that's certainly where LTL is.
9 So, again, to work through these
10 cases in an equitable and efficient way for all
11 parties for current and future claims, we believe
12 this is the best course.

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78 :3 Did you say that LTL was in financial
4 distress?
5 A: Yes.
6 Q: Okay. Why?
7 A: Because we have 38,000-some open
8 claims. They're growing and building. They will
9 continue, based on the latency of at least
10 mesothelioma -- if I'm pronouncing that right --
11 at least 60 more years. In other words, no end
12 in sight. And the nature of some of the -- of
13 the judgments being such -- in our view,
14 extraordinary in terms of the size of the dollar
15 amounts, yes, I'd say we are in financial -- now,
16 having said that, I think we're in equally
17 distressed, but not -- but slightly better
18 position than old JJCI, because we have the
19 backing of the funding agreement.

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82 :3 Q: Does LTL owe anybody money?
4 A: We do -- we do have to -- we have
5 bills we have to pay, yes.
6 Q: What bills are those?
7 A: Attorneys' bills, fees. We have to
8 pay J&J for any services we get from J&J -- from
9 JJCI and J&J Services, Inc.
10 Q: Okay. So other than bills from J&J
11 for services and other than bills from lawyers,
12 does -- and I'll -- just bear with me. Let's say
13 those are creditors, you owe money.
14 Does LTL have any other creditors?
15 A: Not to my knowledge.

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108 :25 So is -- is -- does any
109 :1 Johnson & Johnson entity continue to sell talc
2 baby powder outside of the United States?
3 A: I don't know for sure. I've been out
4 of that for quite a while.
5 Q: Okay. Well, let me ask you: If
6 there was any asserted liability in connection
7 with foreign, outside of the United States, talc
8 sales, would that be a liability of LTL?
9 MS. BROWN: Objection. Form.
10 Foundation.
11 THE WITNESS: That's a legal
12 question. I -- I don't know the answer.

13 BY MR. JONAS:
14 Q: Well, you're the president of LTL,
15 right?
16 A: Yes. But I'm not a lawyer, and I
17 would defer to my chief legal officer for that
18 answer.

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127 :16 Q: Okay. What is the value of LTL's
17 assets today?
18 A: We have six million in the bank
19 account, we have RAM with royalties valued at
20 some \$367 million, and we have the service
21 agreement with JJCI and J&J.

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127 :24 And what's the value of the funding
25 agreement?
128 :1 A: The value of the funding agreement is
2 up to the value of JJCI.
3 Q: Okay. And what is the -- what is
4 that? What is the value of JJCI?
5 A: I do not know.
6 Q: Have you ever had any discussions
7 about that?
8 A: No.

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128 :11 Did you sign the -- and we'll look at
12 it, but did you sign the funding agreement on
13 behalf of LTL?
14 A: I'm sure I did. I'd have to look at
15 the document.
16 Q: Okay. And you just said that the
17 funding agreement was to provide LTL with funding
18 up to the value of JJCI, correct?
19 A: Correct.
20 Q: And so when you were about to sign
21 the funding agreement, you didn't have any
22 understanding or appreciation of what that value
23 to LTL could be?
24 MS. BROWN: Objection. Misstates
25 testimony.
129 :1 THE WITNESS: I -- I did not have a
2 quantified number. No, I did not.
3 BY MR. JONAS:
4 Q: Could be -- as far as you knew, it
5 could be a dollar, right?
6 A: Well, I was sure it was more than a
7 dollar.
8 Q: Oh, okay. So was it more than a
9 million dollars?
10 A: I -- I honestly don't have a figure
11 for you, sir.
12 Q: But you knew it was more than a
13 dollar, right?
14 A: I knew it was more than a dollar.
15 Q: How did you know it was more than a

16 dollar?

17 A: Because the company -- JJCI, I know,
18 just common sense, is worth more than a dollar.

19 Q: Okay. Well, does common sense tell
20 you that JJCI's worth more than a billion
21 dollars?

22 A: I can't say that. I'm not in
23 finance. I don't know what JJCI is worth.

24 Q: Okay. Do you know what any -- by
25 amount, do you have any idea what JJCI is worth?

130 :1 A: I do not.

2 Q: Okay. So when you signed the funding
3 agreement and it said that value would be funded
4 or provided to LTL up to the value of JJCI, other
5 than it being more than a dollar, you had no idea
6 what that amount might be, correct?

7 MS. BROWN: Objection to the form.
8 Misstates testimony.

9 THE WITNESS: Ali, can you say that
10 again slower?

11 MS. BROWN: I'm sorry. I object to
12 the form. It misstates your testimony.

13 THE WITNESS: No. That's correct. I
14 do not know the dollar value of JJCI.

15 BY MR. JONAS:

16 Q: Okay. So, therefore, you didn't know
17 the value of LTL, right?

18 MS. BROWN: Objection. Speculation.

19 THE WITNESS: I guess that would
20 be -- that would be correct. I knew the assets,
21 the six million and the royalties and then I have
22 an agreement with JJCI and J&J to if -- if we
23 move into bankruptcy and move into a trust, there
24 would be moneys there that those two would
25 provide the trust.

131 :1 BY MR. JONAS:

2 Q: But when LTL filed -- when you voted
3 to put LTL into bankruptcy, you did not know the
4 value of its assets, correct?

5 A: I did not know the value of JJCI.

6 Q: That's not my question, sir.

7 A: Okay.

8 Q: My question is: When you put -- when
9 you voted to put LTL into bankruptcy, one of its
10 assets was the funding agreement, correct?

11 A: Correct.

12 Q: And the value of the funding
13 agreement was up to the value of JJCI, correct?

14 A: That's correct.

15 Q: And you did not know the value of
16 JJCI, correct?

17 A: Correct.

18 Q: So when you voted to put LTL into
19 bankruptcy, you did not know or have any idea of
20 the value of its assets, correct?

21 MS. BROWN: Objection to the form.

22 THE WITNESS: Quantitatively, no. I
23 did not know the full value of the funding
24 agreement, because not knowing the full value
25 of -- of JJCI -- what you're stating is correct.

132 :1 BY MR. JONAS:

2 Q: Okay. So you didn't know whether or
3 not LTL was insolvent when it filed bankruptcy,
4 did you?

5 MS. BROWN: Objection to the form.

6 Speculation.
7 THE WITNESS: What -- what I did know
8 is we were no worse and, in fact, better than old
9 JJCI was with these same liabilities.
10 BY MR. JONAS:
11 Q: Okay. Do you know what the word
12 'insolvency' means?
13 A: Run out of money.
14 Q: Do you know what the word
15 'insolvency' means?
16 A: I would say no. If I don't look at
17 it literally, probably not.

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142 :17 Q: Do you know who the Bates White firm
18 is? Do you know them?
19 A: I'm not sure exactly.
20 Q: How about not exactly? Do you have
21 any idea who Bates White is?
22 A: I -- I think it might be a -- a law
23 firm. I'm bad on names, to be honest; but I'm
24 sure it's a law firm.
25 Q: Okay. And L- -- do you know if LTL
143 :1 has hired them?
2 A: Not to my -- not -- no. Well, I
3 don't know that answer.
4 Q: Okay. So -- and I don't want to
5 waste any time. I mean, you don't -- if you
6 don't -- you don't know what kind of work they
7 do?
8 A: I don't.
9 Q: Okay. Do you know if -- let me ask
10 you: Do you know if LTL -- and by that I mean
11 anyone at LTL -- has undertaken any work to value
12 potential legacy talc liabilities?
13 A: No. I'm not aware of that.

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144 :25 Q: And do you know if J&J has ever
145 :1 retained PricewaterhouseCoopers for anything?
2 A: I can't answer that. No, I have no
3 knowledge of that.

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146 :9 Q: And you'll see here, Mr. Wuesthoff --
10 a lot of this has been redacted, but you'll see
11 in the middle of the page -- well, at the top of
12 the page it says, 'Gross product liability
13 balance is in the millions.' And in the middle
14 of the page, it says 'talc' -- one line says
15 'talc,' then it says 'payments,' and then it gets
16 to a sub total.
17 Have you ever seen this document
18 before?
19 A: No. I've never seen this.
20 Q: Okay. So do you have any idea -- and
21 I'd like you to take a look at this. Do you have
22 any idea what the purpose of this document is?

23 MS. BROWN: Objection. Foundation.
24 Speculation.
25 A: Other than reading the heading, not
147 :1 really knowing what that means -- I mean,
2 literally, it means I don't know.

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150 :1 Q: Okay. Well, do you recall at that
2 board meeting -- or prior to the board meeting, I
3 think you said there was -- you had certain
4 information that was made available to you
5 relating to talc liabilities, right?
6 A: No. Only to the respect of the
7 number of cases --
8 Q: I see.
9 A: -- the money that was spent to date,
10 the billion in processing the three and a half
11 billion in judgments. Those were the only
12 numbers we had.
13 Q: Okay. Nothing more specific than
14 that?
15 A: No.

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150 :22 At that board meeting on
23 October 14th, was there any discussion about
24 insurance available to cover talc liabilities?
25 A: We said the -- we briefly talked
151 :1 about insurance and said that the proposals we
2 were getting -- or would get from insurance, and
3 apparently there had been some prior discussion
4 that I was not part of -- that it just would be
5 an exorbitant amount of money for them to cover
6 the current and future potential cases. So it
7 was, frankly, a brief discussion.
8 Q: Okay. And you're talking about the
9 possibility of insurance to cover -- on a
10 go-forward basis to cover future liabilities,
11 correct?
12 A: Well, current -- yeah, future
13 liabilities based on current claims and future
14 claims.
15 Q: Okay. Was there any discussion about
16 existing insurance at that October 14th meeting?
17 A: No, not that I recall.
18 Q: Okay. And so when you -- when you
19 voted -- when the board voted -- excuse me --
20 A: Uh-huh.
21 Q: -- to put LTL into bankruptcy, what
22 was your understanding of what existing talc
23 liability insurance existed?
24 A: Very, very limited. Next to zero.
25 Q: Okay. You don't know if there was
152 :1 any insurance available to J&J for talc liability
2 when you decided -- when you voted to put LTL
3 into bankruptcy, correct?
4 MS. BROWN: Object. Misstates
5 testimony. Lacks foundation.

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152 :9 A: No. It was never -- never discussed.
10 Q: Okay. And leading up to that
11 meeting, you didn't have any materials provided
12 to you relating to existing insurance for talc
13 liabilities, correct?
14 A: I'd have to relook at the documents,
15 to be honest. I'd have to look -- relook at the
16 documents.
17 Q: Okay. But you don't recall any
18 insurance-related materials being provided to
19 you, correct?
20 A: Not specifically insurance-related
21 materials. Was insurance in the materials? And
22 there were a lot of materials. It's -- it's
23 possible. It's been two and a half months since
24 I've read a lot of those documents. I'm happy to
25 look at the document, but it's been a long time.
153 :1 I just don't remember.
2 Q: Okay. Okay. But just come back to
3 what -- what you knew when you voted to put LTL
4 into bankruptcy.
5 You didn't know whether there was a
6 billion or ten million or any particular amount
7 of insurance available to cover talc liabilities,
8 right?
9 MS. BROWN: Objection. Misstates
10 testimony.
11 THE WITNESS: Yeah. We didn't
12 discuss that as a viable option, because there
13 was never any -- any substance to that, that
14 would have warned to anything of value and that
15 was the extent of the conversation.

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154 :16 Q: Okay. And the LTL bankruptcy was
17 intended, at least in part, to address the ordeal
18 with the financial distress of JJCI, correct?
19 MS. BROWN: Objection. Foundation.
20 Speculation.
21 THE WITNESS: I think that's
22 incorrect. LTL was formed to address the -- the
23 outstanding and future claims of the talc
24 liability.

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155 :3 What is your understanding of your
4 statement that JJCI was experiencing financial
5 distress? What was the basis of that distress?
6 A: The basis was the sheer number of
7 current outstanding cases that were growing
8 exponentially; again, 12,000 new ones in 2021
9 through October, plus the projecting that we
10 would continue to get based on the latency of the
11 cancer, particularly the meso- -- I can't
12 pronounce it -- the lung cancer.
13 And the other of the distress was

14 the -- was the huge lottery-type of awards that
15 seemed like it would be possible, and, in fact,
16 with the Ingham case, was the settlement. The
17 uncertainty moving forward and the ongoing legal
18 expense of hundreds of thousands of dollars a
19 year through the rest of the decade was -- yeah,
20 that would put most companies in some sort of
21 distress.

22 Q: Okay. And the way that the
23 restructuring that we've been talking about
24 addressed JJCI's -- JJCI's financial distress,
25 was to move that -- was to move the talc
156 :1 liabilities from JJCI to LTL, correct?

2 A: No. It wasn't done to alleviate
3 their liability to JJCI, because LTL got the
4 exact same liability. The advantage that LTL has
5 slightly over what JJCI had, the old JJCI, is we
6 have the funding agreement backed by JJCI and
7 J&J. So we're actually in a slightly stronger
8 position than JJCI would have been on their own.

9 Q: Okay. So do you believe today that
10 both LTL and JJCI are both responsible for the
11 talc liability we've been talking about?

12 MS. BROWN: Objection. Foundation.
13 Speculation.

14 THE WITNESS: LTL is responsible for
15 resolving them; through funding agreements JJCI
16 and J&J are committed to help fund that
17 resolution.

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160 :3 Q: Do you know why LTL was formed in
4 North Carolina as opposed to any -- any other
5 state?

6 A: I do not.

7 Q: Did you ever ask anybody why it was a
8 North Carolina company?

9 A: I did not.

10 Q: Did it ever -- did you ever think
11 about that, well, why in North Carolina as
12 opposed to some other state?

13 A: I didn't give it a lot of thought,
14 no.

15 Q: Any thought at all?

16 A: Not a thought. No -- no substantial
17 thought.

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161 :4 So on September 28th, you met with
5 Mr. Ullmann and Mr. Haas?

6 A: Uh-huh.

7 Q: On -- and then you had a relatively
8 short follow-up meeting with Mr. Haas at some
9 point. On October 6th, you verbally accepted the
10 role.

11 A: Uh-huh.

12 Q: On October 8th, you signed the
13 document -- the document to become president?

14 A: Uh-huh.

15 Q: On October 11th, I guess, you

16 formally became president of LTL and RAM. And
17 October 12th, LTL was formed. And on the 14th,
18 there was a board meeting.
19 A: Correct.
20 Q: And I know you said in advance of the
21 board meeting you thought you had spent seven
22 hours reviewing things.
23 A: Uh-huh.

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162 :3 Q: But now you're saying there were
4 informal meetings of the -- that would become, I
5 guess, the managers of LTL.
6 Can you tell me about those, please,
7 or describe those?
8 A: People who are now members --
9 board -- board managers, we were included in --
10 in briefings by lawyers on the history of the
11 safety of talc and -- and some matters like that.
12 Q: Okay. And was this part of the seven
13 hours, were those meetings part of that seven
14 hours you were talking about?
15 A: Yes.

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163 :1 Q: Okay. And how many of those, if you
2 recall, how many of those types of meetings do
3 you think you had?
4 A: I know there were two, potentially
5 three, but I know of two.
6 Q: Okay. And were those between the 8th
7 and the 14th, would you say?
8 A: Yes. Yes.
9 Q: Okay. Great. All right. And so
10 coming back, have you had -- since October 14th,
11 have there been any more LTL board meetings?
12 A: There have not been formal meetings,
13 but we -- we have met at least pretty much
14 weekly. Sometimes a couple times a week we get
15 together and talk.

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167 :16 Q: What's your understanding of what a
17 qualified settlement fund is in bankruptcy?
18 A: My understanding -- and it's --
19 it's -- you know, my understanding is it's --
20 it's a fund that would be used as -- as -- for
21 the bankruptcy court to resolve the claims.
22 Q: Okay. And do you recall -- strike
23 that.
24 In this case, has -- is there a
25 proposed quantum or amount that J&J would fund to
168 :1 the LTL qualified settlement fund? Are you
2 familiar with that?
3 A: Yes. Yes. There is a figure. Yes.
4 Q: Okay. And what is that figure?
5 A: Two billion dollars.

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168 :8 So -- just so I make sure I connect
9 your understanding of what a qualified settlement
10 fund is to that number -- that two billion
11 dollars would be available to satisfy talc
12 claims, correct?
13 A: That's my understanding, yes.
14 Q: Okay. How was that two billion
15 dollar figure arrived at?
16 MS. BROWN: Objection. Foundation,
17 speculation.
18 THE WITNESS: I -- I don't know that
19 answer.
20 BY MR. JONAS:
21 Q: Okay. Well, did you negotiate it?
22 A: No.
23 Q: Okay. So how do you know that two
24 billion dollars is going to be enough to satisfy
25 talc claims?
169 :1 MS. BROWN: Objection. Foundation.
2 THE WITNESS: I -- I don't know
3 either way. I -- what I -- what I do know is
4 that we believe our talc is safe and the claims
5 have no merit; but there are these -- these huge
6 settlements that, frankly, we don't believe were
7 based in science; and, you know, I don't know
8 what those could be at some point; and we've
9 talked about that. But the two billion is a --
10 is a good start.
11 BY MR. JONAS:
12 Q: Oh, okay. So have you talked to
13 anybody about the fact that that's only a
14 starting number; that it, in fact, will -- it
15 will be more than that?
16 MS. BROWN: I object. Misstates his
17 testimony.
18 THE WITNESS: Yeah. There's a
19 funding agreement, and the two billion is -- is
20 essentially part of that funding agreement --
21 BY MR. JONAS:
22 Q: Uh-huh.
23 A: -- which says JJCI and J&J will fund,
24 you know, the settlement up to the value of old
25 JJCI. The two billion is really, I guess, an
170 :1 advance towards that.

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171 :13 Q: Okay. So let me ask you: Who came
14 up with the two billion dollar figure?
15 MS. BROWN: Objection. Foundation.
16 THE WITNESS: As I said, I don't
17 know.
18 BY MR. JONAS:
19 Q: Well, when someone said to you or
20 explained to you that we're going to put up two
21 billion dollars to fund LTL's liability, did you
22 say, well, how about some more? Can I get more?
23 A: No. I did not.
24 Q: Why not?

25 A: Frankly, I thought the two billion
172 :1 was a great start, and hopefully, not even two
2 billion is needed, but that's not my decision.
3 Q: Okay. Well, what analysis did you do
4 that led you to conclude that two billion dollars
5 was, quote, unquote, a great start?
6 A: Because it's a lot of money.
7 Particularly, when we believe that the -- our
8 talc is safe and does not cause cancer and the
9 claims don't have merit. I mean, two billion's a
10 lot of money.

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172 :21 Q: And you didn't do any analysis to
22 estimate or project future liability, correct?
23 A: Nope. Other than -- nope. I don't
24 mean to say nope.
25 No, we didn't. Other than, like I
173 :1 said, we looked at the numbers, looked at the
2 number of claims projected forward. That -- it's
3 hard -- it's very hard to actually project what
4 it might be. But, again, we -- we stand behind
5 the safety of the product and, you know, I don't
6 know where it'll end up.
7 Q: Okay. Would you agree with me that
8 the funding agreement is the most important asset
9 of LTL?
10 A: It's very important. I would say
11 that, yes.
12 Q: Do you think it's the most important
13 asset?
14 A: I think it's very, very important,
15 yes.

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173 :22 Was there any negotiation by LTL of
23 the funding agreement?
24 A: Not -- not with myself or our board,
25 no.

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178 :17 Q: Okay. And -- and did you -- from the
18 time you got the document -- first got the
19 document, were -- were any changes made at your
20 request?
21 A: No.
22 Q: Okay. So, basically, you got the
23 document and you signed it, right?
24 MS. BROWN: Objection. Misstates
25 testimony.
179 :1 THE WITNESS: Well, I said -- as I
2 said, I reviewed the document. I read the
3 document, asked any questions I had about it, and
4 then I signed it.
5 BY MR. JONAS:
6 Q: Okay. What questions did you have
7 about it?
8 A: I don't recall.

9 Q: Do you think it was -- do you know
10 how many questions you had?
11 A: Not -- not -- I would guess not a
12 lot, because I think the language is quite clear
13 in it, and it's quite understandable.

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180 :9 In connection with the decision to
10 file LTL for bankruptcy, was there any specific
11 analysis as to the impact on talc claimants? Do
12 you recall whether there was?
13 MS. BROWN: Objection. Vague.
14 THE WITNESS: Yeah. What do you mean
15 by impact?
16 BY MR. JONAS:
17 Q: Well, was there any analysis done of
18 whether talc claimants, whether their rights
19 would be abridged in any way by the LTL -- the
20 restructuring that was taking place?
21 MS. BROWN: Objection. Vague.
22 Foundation.
23 Mr. Wuesthoff, if you understand, and
24 if you know, you're free to answer.
25 THE WITNESS: Yeah. They're -- what
181 :1 we discussed is claimants are no worse off, in
2 fact, we think better off with this arrangement.
3 BY MR. JONAS:
4 Q: Okay. I'm just -- I just am back
5 to -- I appreciate that. I know you said that.
6 I just want to know specifically what
7 analysis you did to arrive at that conclusion?
8 A: The -- the analysis was, frankly,
9 pretty straightforward in that we have what old
10 JJCI had, plus the QSF funding agreement and --
11 the QSF, including this funding agreement, which
12 JJCI did not have.
13 Q: And did you hire any experts to help
14 you reach that conclusion?
15 MS. BROWN: Objection. No
16 foundation.
17 THE WITNESS: No. No.

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189 :1 Do you understand, even as you sit here, that as
2 a result of the bankruptcy, certain talc
3 litigation has been stayed or stopped?
4 A: I am aware.
5 Q: Okay. When did you first become
6 aware of that?
7 A: I don't remember exactly.
8 Q: Was it after the bankruptcy?
9 A: You mean after the filing?
10 Q: Yes.
11 A: No. I believe it was before that.
12 Q: Okay. So you knew before the
13 bankruptcy filing that one of the things that
14 would happen once LTL filed was there would be a
15 stay or stoppage of talc litigation, right?
16 A: Yes. Correct.
17 Q: Okay. All right.

18 A: It was not discussed, though.
19 Q: Okay. But you knew that?
20 A: Yeah.

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190 :12 Q: Well, how did you anticipate those
13 would be resolved as you -- to use your words?
14 How was that going to happen?
15 A: That they would go into -- into a
16 bankruptcy; there would be a trust that would be
17 funded; and the bankruptcy court would handle
18 that accordingly.

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221 :2 A: At a high level is the Royalty stream
3 that comes from -- and I think in this case, this
4 is Lactaid -- those royalties -- the royalty
5 income comes to Royalty A&M.
6 Q: Okay. And do you know -- do you know
7 how much RAM paid for this?
8 A: I do. It's in the -- it's in the
9 agreement, under price.

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221 :14 But, I guess, my question is: Do you
15 know who settled on the price? Who -- who -- who
16 said that's a good price or bad price, or do you
17 know?
18 A: I do not know.
19 Q: Okay. Do you know who would know?
20 A: I do not.
21 Q: And -- and do you know -- well,
22 strike that.
23 So you're not familiar in any way
24 with any of the underlying negotiations between
25 RAM and McNeil that led to this agreement?
222 :1 A: I'm not aware that any took place.
2 Q: And you don't even know who -- do you
3 know who -- with McNeil being on one side of the
4 table and RAM or somebody being on the other side
5 of the table, do you know who that was? Was it
6 someone at J&J?
7 A: I do not know.
8 Q: Okay.
9 A: By the way, the purchase -- the
10 purchase price is under Section 2.2.
11 Q: Okay. Let me just take a look.
12 \$315 million?
13 A: Yep.
14 Q: And do -- do you think that's a
15 good -- a fair price?
16 MS. BROWN: Objection. Foundation.
17 THE WITNESS: What I did look at was
18 the -- the recent history of the earnings stream
19 on that royalty and the discounted cash flow
20 value moving forward, and it seemed like a fair
21 price.
22 BY MR. JONAS:

23 Q: Okay. But you don't know if anybody
24 on the RAM side of the table said, will you take
25 300 million, or 250 million, or any other amount
223 :1 lower than 315, right?
2 A: No. I'm not aware of that.

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223 :9 Q: And see if I can expedite this, Mr.
10 Wuesthoff.
11 There's a purchase and sale
12 agreement, same date, between
13 McNeil Pharmaceutical Co. and RAM; and then at
14 1.68, there's a purchase and sale agreement, same
15 date, between Johnson & Johnson Consumer, Inc.,
16 and RAM; and then, lastly, at 1.69, there's a
17 purchase sale agreement of same date between
18 Johnson & Johnson Consumer, Inc., and RAM.
19 And if I asked you all the same --
20 generally the same questions with respect to your
21 understanding of, you know, who negotiated
22 et cetera, those -- would your answers generally
23 be the same?
24 A: Yes.

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224 :14 Q: Okay. So if we're looking at 1.72,
15 it's called an intercompany facility agreement
16 between Johnson & Johnson and -- and RAM.
17 You see that?
18 A: Yep.
19 Q: And you signed this on behalf of RAM,
20 right?
21 A: Correct.
22 Q: And Ms. Ryan signed this on behalf of
23 Johnson & Johnson, correct?
24 A: Yes.
25 Q: And so what's your understanding of
225 :1 the purpose of this agreement?
2 A: This agreement, my understanding, is
3 to provide funding to RAM to acquire additional
4 royalty streams outside of JJCI or outside of
5 Johnson & Johnson, for that matter.
6 Q: I see. Okay.
7 And do you know the total amount of
8 funding that would be provided?
9 A: Yes. It's -- it's a revolving
10 \$50 million.
11 Q: Okay. And do you know if anybody
12 negotiated this on behalf of RAM?
13 A: I do not.
14 Q: Okay. And did you get any legal
15 advice, as president of RAM, in connection with
16 this document?
17 MS. BROWN: Objection to the form.
18 To the extent you understand that,
19 you can answer, Mr. Wuesthoff.
20 THE WITNESS: Yep. My understanding
21 is if RAM requests the money for investment
22 purposes, then the money will be granted.

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237 :8 Have you -- have you inquired as to
9 whether this would have any impact on LTL or its
10 business?
11 A: No. I have not.
12 Q: Have you considered that?
13 A: Briefly.
14 Q: And what -- tell me about that
15 consideration.
16 A: My consideration is that the funding
17 agreements remain intact despite that's -- that's
18 where I am.
19 Q: Okay. And have you determined -- did
20 you do any analysis to determine that this -- if
21 and when this separation takes place, it -- there
22 won't be any further or additional barriers to
23 LTL or LTL or claimants -- talc claimants being
24 able to collect or get funding from
25 Johnson & Johnson?
238 :1 A: Well, yeah. No. I -- I've had no
2 discussion about it. I would imagine that'll be
3 a lawyer discussion at some point, but I would
4 expect Johnson & Johnson will honor its
5 commitments. And I would -- personally, based on
6 the integrity of all the executives at J&J, I
7 don't see this as a problem.
8 Q: Okay. Just to -- just to be clear,
9 you haven't done -- you haven't -- as president
10 of LTL, you haven't done or commissioned any
11 analysis as to the impact of this on LTL,
12 correct?
13 A: Correct.

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249 :19 Q: Okay. So at any no point in your
20 career did you have any role or responsibility
21 with regard to selling talc at all, right?
22 A: Correct.

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250 :10 Q: Okay. And did you -- were you
11 involved in any negotiations wherein LTL would
12 take on any talc liabilities for any other
13 companies other than JJCI?
14 A: No.

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283 :25 Q: You had testified earlier that the
284 :1 two million dollars [sic] potentially contributed
2 to a qualified settlement fund was a start and it
3 -- the fund could be funded up to the value of
4 old JJCI.
5 Do you recall that testimony?
6 MS. BROWN: Misstates the testimony.

7 I object.
8 BY MR. DINE:
9 Q: Do you recall that testimony?
10 A: I don't recall those exact words,
11 but, yeah, I said the two billion dollars is a
12 significant amount, and it could -- it could be
13 the beginning or a start, if you will, but it's a
14 significant amount and maybe it is sufficient.
15 I, frankly, don't know.
16 But, again, we stand behind the fact
17 that we don't believe the claims have merit, in
18 which case the two billion would be sufficient,
19 maybe more than sufficient. But I -- you know,
20 that's -- that's up to the bankruptcy court,
21 assuming it would go there to determine that.

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285 :19 Q: Mr. Wuesthoff, you testified that you
20 reviewed the amended and restated funding
21 agreement. Do you recall that testimony -- that
22 testimony?
23 A: Yes. Yes.
24 Q: In your review of that document, did
25 you conclude -- come to a conclusion about the --
286 :1 what the JJCI value is under that agreement?
2 MS. BROWN: Objection. Asked and
3 answered.
4 THE WITNESS: Yes. No. We did not.

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333 :14 Q: Okay. Do you -- did you and do you
15 defer to others to calculate precisely the value
16 of LTL's assets?
17 A: Yeah. That's --
18 MR. MORRIS: Objection, yeah, to the
19 form of the question.
20 BY MS. BROWN:
21 Q: You can answer.
22 A: I get to answer, right?
23 Q: You do, sure.
24 A: Yes, my CFO.
25 Q: Okay. Did you, nevertheless,
334 :1 understand -- without that precise dollar figure,
2 do you nevertheless understand LTL to be in
3 financial distress?
4 A: Yes. In financial distress, correct.
5 Q: And what was that understanding based
6 on, Mr. Wuesthoff?
7 A: It was based on the uncertainty and
8 volatility around the -- what I would call the
9 extreme number of cases that were growing and
10 the -- the huge exorbitant settlements on several
11 of those. That's what we based our thinking on.
12 Q: You were --
13 A: And the fact -- and the fact these
14 were going to continue for at least another
15 60 years, probably, based on the latency of the
16 cancer.